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REPUBLIC OF SOUTH AFRICA**

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Dear Mr Richard Sandbrook,

RESPONSE TO THE DRAFT MMSD GLOBAL REPORT AND SUMMARY

From feedback received from Department of Minerals and Energy (DME) representatives who attended the one-day workshop, at the Sunnyhill Park Hotel on 10 April 2002, where the MMSD Draft Report was discussed, I would like to highlight some aspects, which need to be addressed in the Report and the Executive Summary.

1. Environmental Legacy

While we recognise the role that mining plays in developing countries, especially the SADC, there is a need to ensure that the environmental legacy of the past is addressed. The historical environmental legacy in countries like South Africa with regard to derelict and ownerless mines, is currently the sole responsibility of the State. Commitment to address these issues should be shown by the industry. In Chapter IV of the Summary of the Draft Report

(Agenda for Change) we recommend that industry be requested to show commitment in terms of funding this legacy of the past.

2. Social Legacy

Empowerment of previously disadvantaged in the mining sector

The following aspects could be incorporated under Managing and Distributing Mineral Wealth (Chapter III of the Summary):

One of the challenges facing the Southern African Region, which in all likelihood is a global one, is the empowerment of the disadvantaged minority (perhaps indigenous people) in other parts of the world or the disadvantaged majority (in South Africa) in the mining sector. It is a proven fact that this wealth distribution is skew, and in the hands of a privileged few. Not only should this be addressed but also the empowerment of the disadvantaged, including women, in mining's corporate structure i.e. the creation of a system of job equity practiced by mining companies in this regard.

Lastly, there should also be empowerment of the communities affected by mining. This does not only apply to communities in close proximity to mining activities but also communities serving as labour-sending areas.

In the Southern African context there should be an emphasis on mineral development in poor rural nodes to lay the foundation for sustainable economic development in these areas.

In summary, empowerment should be at 3 levels, namely, at ownership level, employment level and community level.

Mining companies in collaboration with governments can strongly address the above-mentioned issues.

3. Junior Mining

The report seems to focus on large and small-scale miners. In the Southern African context, we would like to support and develop small-scale mining through provision of institutional support as well as to develop junior mining. The stronger junior mining is, the stronger the entire mining sector would be. Junior mining is also an entry point for black empowerment in the mining industry. In South Africa we have been seeing a tendency of large corporations selling portions of their reserves, that cannot be mined profitably, due to all sort of constraints, to small junior companies.

4. Beneficiation Of Minerals or Value-Addition

In the Southern African context, this is a very important aspect of mineral development and economic growth. In a sense, the absence of beneficiation in the region is a definite legacy of the past when it was in the north's interest to ship raw or semi-processed minerals from the continent. Beneficiation at

source is very important for growing the economy in terms of job creation, creating backward and forward linkages in the economy and the multiplier effect.

5. General Comments

- The impression was created, sadly so, that this was just another project, which has come to an end and that there is no champion to take the process forward.
- There is a need for MMSD sponsors, *inter alia* mining companies, to come up with firm commitments on how to address poverty issues and social and environmental legacies of the past in Africa as well as in developing countries in other parts of the world. It would also be important to recommend practical, measurable projects that can be implemented by stakeholders. This could include:
 - Support for NEPAD programmes in Africa;
 - Poverty eradication projects in mining areas;
 - Projects addressing both social and environmental legacy issues;
 - Projects that will improve the image of the mining industry.
 - Regeneration of towns and economies affected by downscaling of the mining industry.
 - Programmes to improve health and safety on the mines and accommodation for the previously disadvantaged employees on the mines.

I trust the DME gave positive criticism and that there will be a concerted effort by the Working Group to consider the issues for inclusion as deemed appropriate, in one way or another, in both the Global MMSD Report and its Summary.

Yours sincerely

**N MOLOI
DEPUTY DIRECTOR-GENERAL:
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