

Mark Cutifani

Welcome address at Mining Lekgotla

27 August 2013

Welcome

- Thank you chairman
- Honourable Deputy Minister of Mineral Resources, Mr Godfrey Oliphant;
- Honourable members of the Parliamentary Portfolio Committee ;
- Members of the Diplomatic Corps;
- Senior government officials;
- Mining Industry Colleagues;
- Leaders of Organised Labour;
- Representatives from various NGOs and the Community;
- Delegates and Organisers of the Mining Lekgotla;
- Distinguished Guests;
- Members of the media;
- Ladies and gentlemen
- (All protocol observed)
- Good morning and on behalf of the key partners (The DMR, the NUM and the Chamber of Mines), I would like to extend a special welcome to the second annual Mining Lekgotla.
 - We are pleased to be here
 - Looks like we have doubled

I would like to welcome two of our international guest speakers. Our keynote speaker is the renowned futurist, Peter Schwartz, from Salesforce in the US. We hope that with Peter's expertise and insights we will benefit from the opportunity to engage in some crystal ball gazing. The Mining Lekgotla is after all a scenario based strategic dialogue. We are indeed delighted that someone of Peter Schwartz's calibre is part of this year's initiative.

- We would also like to extend a hearty welcome to Fred McMahon from the Fraser Institute, the Canadian Think Tank, ranked as one of the finest in the world. For most of us miners, the Fraser Institute provides invaluable insights into the global mining industry. We are confident that Fred's presence will help nudge us closer towards what we need to achieve as an industry.
 - Fred, I have lived and worked in both countries
 - Fire and brimstone of debate in Africa
 - Look beyond the substance
 - We are a teenage democracy but our dialogue is mature
 - I hope the Lekgotla is a showcase of this maturity
 - Honest and open debate about our industry
 - Define the future of our industry
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- I also want to extend a special word of welcome to all the speakers and participants in our deliberations as we together try to shape the future of the mining industry in South Africa.
 - Help make a difference in new SA

PURPOSE OF THE MINING LEKGOTLA

- The Mining Lekgotla is a platform for all key stakeholders to engage honestly and constructively on the challenges that face the mining industry and at the same time make proposals that the industry must consider as we map the future of the mining sector.
- Our purpose over the next few days is to work through a carefully considered agenda, which is ultimately aimed at broadening the conversations linked to the many challenging issues currently impacting the South African mining environment.
- Last year's Lekgotla focused on the critical issues of competitiveness and how the South African mining sector could reposition itself in the wake of the global economic crisis. While there was a good deal of insightful future scenarios, these were negated by the tragic events at Marikana that occurred shortly after the Lekgotla.
- We will, therefore, resume that dialogue in 2013 and focus again on competitiveness and transformation for growth in our sector.
 - Look at Marikana in order to move forward as an industry
- Our extended theme for this year's event is: Growth, Transformation and Global Competitiveness. We will journey through this theme and consider a variety of topics that range from global scenarios in mining; to positioning for global competitiveness; to South Africa's National Development Plan and its alignment to global thinking on mining and transformation; we will also place a significant emphasis on the challenges of industrial relations that confront our sector. We will also be considering the current status of women in mining, skills development and the future direction of mining policy, among our varied topics.
- We are very grateful that His Excellency, Deputy President, Mr Kgalema Motlanthe will be joining us later, at a crucial time when we tackle the challenges of Transformation in the mining sector. We are grateful for the leadership role that he has already played in this sector and we are confident that he will make a significantly positive contribution to this year's Mining Lekgotla.
- At this juncture, I would also like to thank our member companies in the mining sector and our sponsors who have made this year's Lekgotla possible.

2013 Lekgotla Themes

- In terms of themes, this Mining Lekgotla comes at a time when the global mining industry is under increased scrutiny for a variety of reasons
- I don't need to remind you that the South African mining sector has had a tumultuous year - let's take the opportunity to reflect on the challenges we have faced but also to look forward to what we can achieve together
- It remains our absolute intention to address the issues we have faced with brutal honesty and as a sector confronted with a myriad of challenges, we need to chart a path towards future growth and prosperity.
- In order to achieve these objectives, open and constructive engagements, such as the ones that will take place this Lekgotla and in other similar forums, are an imperative.

In reflecting on the year that passed

- The South African mining industry has had a challenging year

- These problems include unemployment, a strained education system, and infrastructure constraints, and it is only by coming together to jointly tackle these issues that our companies in these forums can build a sustainable business for the benefit of all stakeholders
- The Marikana tragedy serves as a stark reminder that we as an industry need to do more, collectively and collaboratively, to unify and transform the mining sector
- We need to strive to do more for our communities, to make a meaningful contribution to the societies we operate in, and effect a real and sustainable difference for our people
 - One thing, we tend to be our own critics
 - We don't sell the good about us
 - But by the end of the Lekgotla we can reflect on the successes and how we can build solid foundations for our industry.
- **Safety**
 - During 2012, mining CEOs in South African mining concluded that the SA mining sector has come a long way on our journey to creating an industry that does no harm
 - It is important to acknowledge all stakeholders for their efforts and the great strides we have made in transforming the South African mining sector's safety performance, look what amazing things can be achieved in this industry when the industry works together
 - We must continue to strive to reach a milestone of a 'world-class' safety and industry
 - While SA showed a 66% (2003 – 2012) improvement in fatality reductions,
 - We are the only sector to have set a 10-year milestone agreement amongst all our stakeholders, in place, with the aspirational target of achieving zero fatalities.
 - From 2003 to 2012, the industry's safety performance has improved year on year by 66%. This is still good
 - Even though we didn't achieve the 87% target set for 2012, the South African mining sector has shown better progress in safety improvements than the rest of the world, despite the fact that we have tougher operating conditions
 - The US only improved by 47%
 - Canada's Ontario province improved by only 25%
 - Reason why Ontario is compared, is because it's the only Canadian province that mines at depths similar to SA
 - They have mines reaching depths of 2km and in SA we have up to 4km
 - I have managed six of the deepest mines in the world
 - Now when you compare the labour intensive nature of our mining industry compared to the mechanised Canadian industry, our performance is especially impressive
 - We have come a long way – my colleagues in Canada keep asking how we do it
 - In the next few years we should focus on becoming the industry benchmark for the industry
- The business challenges we face are well documented – low commodity prices, rising costs, falling outputs and declining margins – as are the economic and social issues that the South African Government continues to tackle.
- However, I firmly believe that through collaboration with government, organised labour and the industry we can achieve industry success and the success of South Africa.

The way forward

- Having said that, I do not believe that enough is being done in terms of internal engagement between government and the industry to resolve our issues and to build a relationship based on trust, mutual appreciation and respect.
- We need to enter into a new and constructive dialogue with government and labour that will lead to a different relationship which would allow the industry to contribute to the growth of our economy.
- We need to look in the mirror for the things we not doing, what we should be doing – we can create a better industry
- We need to work shoulder to shoulder to once again position South Africa as a favourable investment destination
- I am encouraged that Government and industry have worked as hard as they have to stabilise the industrial relations environment, to help enforce the law, to deal with illegal work place disruptions and to recognise the importance of getting mining back on its feet.
- As an industry we have taken the time, now more than ever, to get to know our people. We need to continue to do this.
- The Deputy President's framework agreement for a Sustainable mining sector and the peace agreement signed in February this year are positive examples of the progress made.
- It is wonderful to see government playing its part in competitive, safer and better future for the mining industry.

Closing

- I have come to learn that South Africans are masters at finding solutions to seemingly intractable problems. As the Chamber of Mines we are confident that the Mining Lekgotla will act as a platform to galvanise all of us into action that will ultimately revive the industry for growth and profitability; the kind of action that will help us reclaim our pride as an industry, the kind of action that will further reinforce our commitment to the needs of our fellow citizens.
- I am confident that our discussions over these three days will present a picture of a South African mining industry that is competitive, innovative and committed to transformation. These are the qualities that will enable the business of mining growth aimed at bringing, bring significant benefits to the country.
- I challenge delegates of this Lekgotla to use this forum for dialogue to discuss how we as an industry will work towards unity, and a more productive, safer, wealthier and healthier country – let's try put our own agendas on hold for a few days, let's step up to the plate and act as leaders of this great country – let's strive to **'put South Africa first'**
- I challenge all of you to get involved, make a difference and be a part of a new industry and future for South Africa
- Thank you