

Budget Vote on Mineral Resources

UCDP : IC Ditshetelo

Thursday, 09 May 2012

OAC; 14:00

Chairperson,

I suspect that the most fascinating subject relating to this Department is the question of nationalisation of mines. This is a complex and fascinating debate that can be approached from different endings. Those learned in economics may argue from an economic standpoint whilst those politically and historically inclined may approach it from their predisposed inclination. Of course the Department and government have said that nationalisation is neither the government's policy nor the ANC. But I am of the opinion that there is so much to be pondered on these issues, and therefore forums must be created where people can put in their viewpoints.

I am no expert on the study of where and when has nationalisation of mines worked or did not work, and what were the prevailing circumstances in any of those cases. I am however a witness, to a fact that we are said to be a major contributor in the minerals sector globally, however, that has not translated to better quality of lifestyles for many of our people. We've seen communities closer to where most of the mining occurs, and those communities are subjected to abject poverty, and that can never be right. It is not right that people work in mines all their lives and retire to poverty. It is not right that communities and provinces with mines making billions but the people still cannot afford tertiary education for their children thereby continuing in the cycle of poverty. Whether this means we must consider nationalisation or not,

is a question that needs an informed answer, I do assert however that the department has a responsibility to manage the status quo and ensure that we do not remain where we are.

The issue of adding value to South Africa's minerals before they are exported has been under debate for a number of years. This debate is based on the argument that the South African beneficiation of gold is currently only about 2% of current mine production, and that the country is not exploiting any comparative advantages of its large natural resource base. But the perception of South Africa having comparative advantage due to the location of its mining industry does not in itself render the country competitive in terms of its downstream industries. Monopoly in pricing is but one of the problems facing South African mining sector with more propaganda being spread instead of true facts thereby misleading debates. This must be rectified.