PUTTING SOUTH AFRICA FIRST

Annual Report 2012/2013

Chamber of Mines of South Africa
Putting South Africa First

PROUDLY SOUTH AFRICAN

ABOUT THE CHAMBER OF MINES OF SOUTH AFRICA

The Chamber of Mines of South Africa is a voluntary membership, private sector employer organisation founded in 1889, just three years after gold was discovered on the Witwatersrand. The Chamber is an association of mining finance companies and mines operating in the gold, coal, diamond, platinum, lead, iron ore, antimony and copper mining sectors.

The Chamber exists as the principal advocate of major policy positions endorsed by the mining employers and represents these to various organs of South African national and provincial governments, and to other relevant policy-making and opinion-forming entities, both within South Africa and abroad. The Chamber also works closely with the various employee organisations in formulating these positions where appropriate.

To facilitate this, the Chamber provides strategic support and advisory input to its members. It promotes interaction among mine employers to examine and deliberate policy issues and other matters of mutual concern to define industry-level stances. Consultation and co-operation within the Chamber system occur on a voluntary basis and do not encroach on the managerial prerogatives of individual mines and mining groups.

A range of professional resources is maintained to support the policy review and advocacy functions and to equip the Chamber to render advice to its members. Specialist areas of expertise include mine health and safety, skills development, sustainable development, communications, environmental management, economics and industrial relations.

The chief policy-making body of the Chamber is the Executive Council, aided by the Gold Producers' Committee and the Collieries' Committee. The principal committees in turn draw on the input of various expert committees and working structures.

The Chamber of Mines has committed itself to

PUTTING SOUTH AFRICA FIRST...

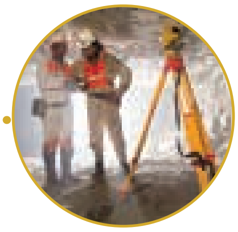
...in its dealings with its members, government, organised labour, communities, investors and any other party interested in the mining industry.

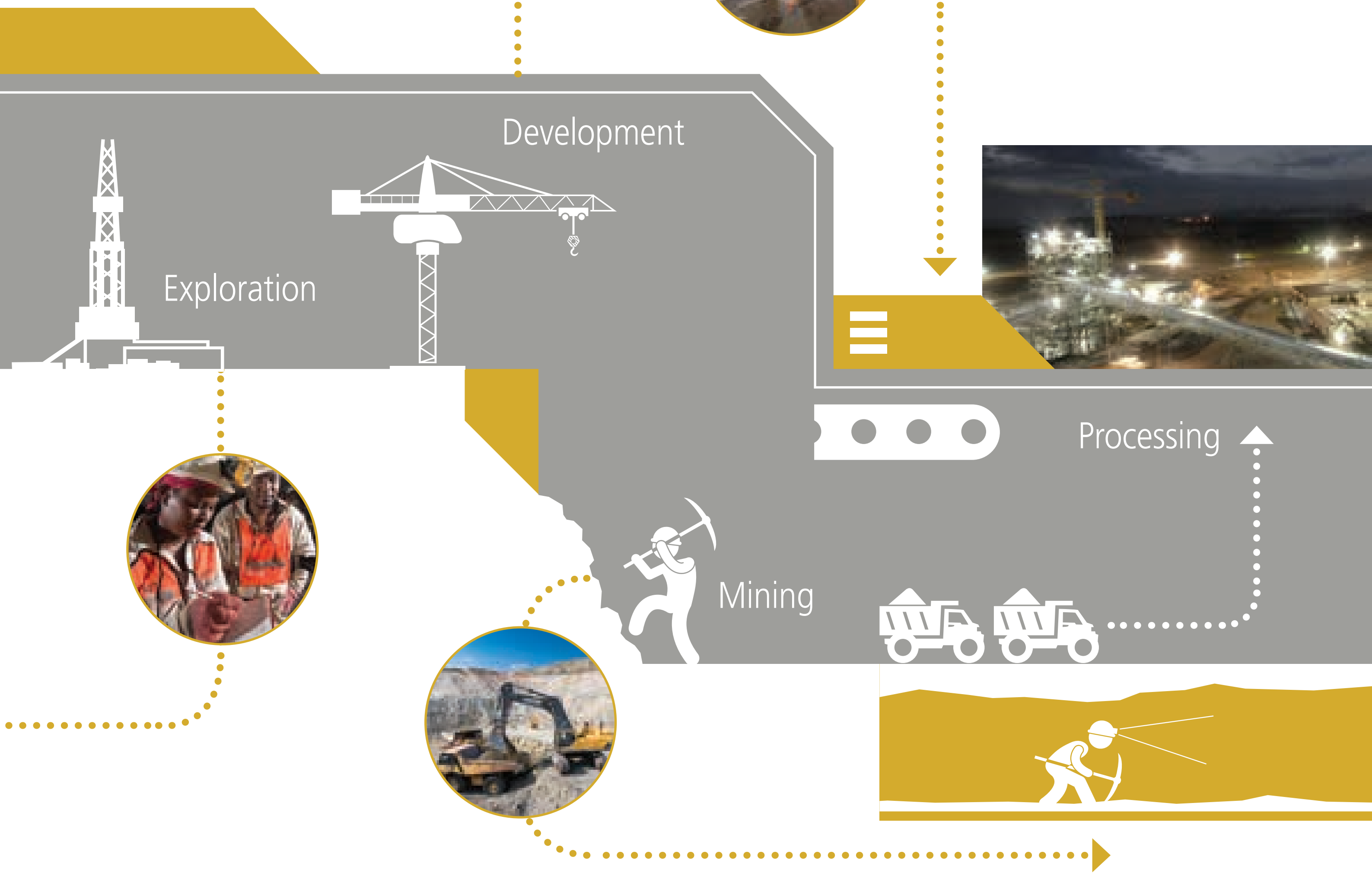
Adopting the credo of "Putting South Africa First" will go a long way to get the mining industry's house in order by addressing all current challenges for the future growth of the industry and subsequently the economy of South Africa.

CONTENTS

A POSITIVE CONTRIBUTION

The mining sector remains the "flywheel" of the South African economy. The industry has played a key role in South Africa's economic development for over 140 years, which has transformed South Africa into the most industrialised country in Africa.





The mining industry remains a major contributor to the economy with significant contributions to employment numbers, export earnings, attracting foreign direct investment, creating GDP and contributing to proper transformation of the economy.

Given mining linkages and induced impacts on many other parts of the economy, it is not surprising that the mining industry is a significant investor in the South African economy. On a direct basis mining accounts for 12% of total investment in the economy (public and private), and accounts for 19% of total private sector investment. If indirect multipliers and induced effects are considered, the total contribution of mining to fixed investment is estimated at about 25% of the total. So one-quarter of all investment in the economy is somehow related to mining.

Product

JSE

THE SOUTH AFRICAN MINING SECTOR IS A KEY COMPONENT OF THE JSE AND ACCOUNTED FOR

24.7%

(R1,8 TRILLION)
OF THE ALL-SHARE INDEX

Training

REVIEWING THE TOP TEN MINING PRODUCERS IN SOUTH AFRICA

A TOTAL OF

R7.4 billion

WAS SPENT ON ARTISAN TRAINING AND OTHER INITIATIVES

Job creation

IN 2012, THE MINING SECTOR HELPED TO CREATE

1 365 892

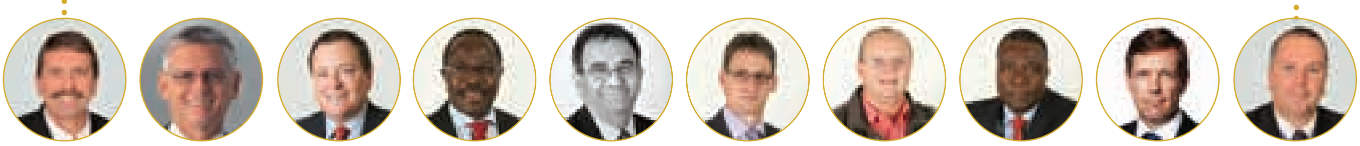
JOBS IN THE SOUTH AFRICAN ECONOMY

In 2012, the total income of the South African mining industry was R497.1 billion. Total expenditure of the industry was R488 billion and more than 80% was spent in South Africa. This is why mining has such a big impact on the size of the rest of the South African economy – the money generated through mining circulates throughout the rest of the economy, having an impact on sectors as diverse as financial services and housing.

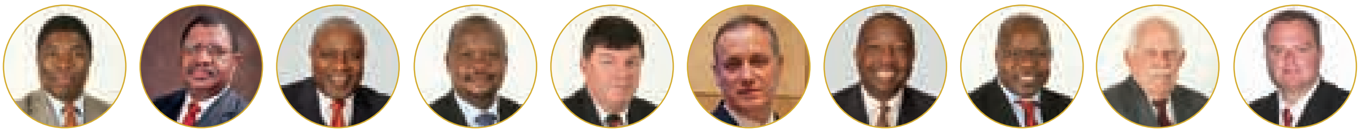
STRUCTURE OF THE CHAMBER

THE COUNCIL

Mike Teke · Mark Cutifani · Khanyisile Kweyama



Wilco Uys · Michael Schmidt · Mike O'Hare · Godfrey Gomwe · Srinivasan Venkatatrishan · Chris Griffith · Nico Pienaar · Dr Xolani Mkhwanazi · Manie Dreyer · Tom Schutte

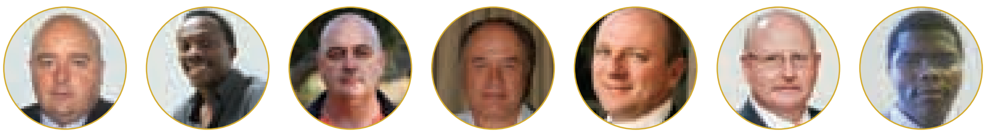


Bheki Sibiya · Barend Petersen · Sipho Nkosi · Kgabo Moabelo · Graham Briggs · Terence Goodlace · Norman Mbazima · Ben Magara · Bernard van Rooyen · Braam Uys

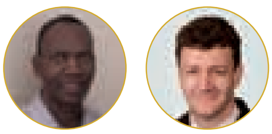
Steve Phiri · Peter Steenkamp · Neal Froneman · Andile Sangqu · Murray Houston

COLLIERIES' COMMITTEE

Wilco Uys · Praveer Tripathi · Themba Masondo · Riaan van der Merwe · Johan Heystek · Dr Nombasa Tsengwa · Arun Narain

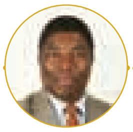


Iñaki Pitarque · Ayanda Bam · Andy McLeod · Koos Jordaan · Zirk van der Bank · Pierre Jordaan · Mzwandile Nombewu



Vusi Khumalo · Stefan Venter · Selim Kaymak

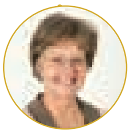
CHAMBER MANAGEMENT



Bheki Sibiya
Chief Executive

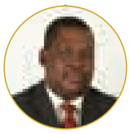
Vusi Mabena
Senior Executive: Transformation and Stakeholder Relations

Peter Bunkell
Executive Manager: Chief Executive's Office



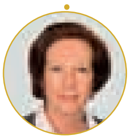
Elize Strydom
Senior Executive: Employment Relations and Community Development

Harry Groenewald
Executive Manager: Finance and Administration

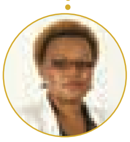


Niks Lesufi
Senior Executive: Environment

Roger Baxter
Senior Executive: Strategy and Economics



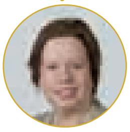
Stella Carthy
Head: Skills Development



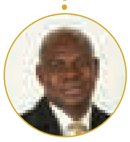
Zingaphi Matanzima-Jakuja
Head: Communications

Anton van Achterberg
Head: Legal Department

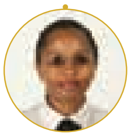
Siestse van der Woude
Head: Safety and Sustainable Development



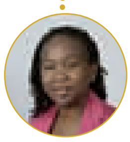
Jeanette Hofsajer-van Wyk
Head: Information Services



Stanford Malatji
Head: Learning Hub

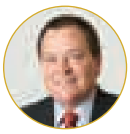


Dr Thuthula Balfour-Kaipa
Head: Health Department



Stephinah Mudau
Head: Environment

GOLD PRODUCERS' COMMITTEE



Mike O'Hare

Ken Matthysen

Peter Turner

Tom Smith

Charles Symons

Richard de Villiers

Wayne Robinson

FOREWORD BY THE PRESIDENT OF THE CHAMBER OF MINES

2012 was a watershed year for the South African mining industry. The incidents at Marikana and the subsequent strike action will forever be etched in our memories, not only for the tragic loss of 44 lives, but also because they marked a turning point for the industry.

Marikana unleashed some centripetal forces within the mining industry, and exposed social realities that spurred organised business, organised labour and government, as the three main industry role players, to recognise the need for closer co-operation to avoid similar tragedies in the future. This also served to acknowledge the need to protect a sector that remains critical to the growth and development of the national economy.

Responsible mining industry stakeholders are unanimous in their conviction that what happened at Marikana, and in its immediate aftermath, must never be repeated.

In addition, there is acceptance of the need to address issues that reside beyond the direct control of mining companies – an acknowledgement that we cannot operate in isolation. These include unacceptable socio-economic conditions in communities that have grown up alongside mining operations, and which are aggravated by ineffective levels of service delivery. Long-term, sustainable and holistic community development is, rightly, at the top of the industry's agenda.

One of the enduring strengths of the mining industry over the past decade has been the ability of all role-players within the sector to meet and accommodate each other on key issues, despite their vast differences. For example, in December 2008, we jointly established the Mining Industry Growth Development and Employment Task Team (MIGDETT) with the objective of achieving two critical outcomes: to help the industry manage the effects of the global economic crisis and save jobs; and to position the industry for growth and transformation in the medium to long term.

MIGDETT has brought business, labour and government together – outside the formal negotiating structures – to consider the competitiveness of the sector in a global environment. The industry must fall back on this relationship of trust and mutual acceptance in the wake of Marikana.

Government's keen interest in the future of a stable and strong mining industry was clearly evident with the appointment of Deputy President Kgalema Motlanthe to help intermediate between business and labour in an effort to address the challenges that are threatening the sustainability of the industry.

In July 2013, we signed an historic trilateral Framework Agreement for a Sustainable Mining Industry, where each party committed to a shared vision, tangible actions and a collaborative approach to bring peace and stability to the industry, and to reposition it to become a target for foreign investment.

As the Chamber, we remain committed to meeting our obligations in terms of the Framework Agreement and to putting measures in place that can contribute to the successful implementation of its objectives.

Mark Cutifani, President of the Chamber of Mines of South Africa

The national conference of the African National Congress (ANC) held in Mangaung in December 2012 proved to be a seminal event for the organisation in its formulation of future mining policy. The Chamber welcomes the unequivocal rejection of nationalisation as a policy instrument and the party's commitment to a path of long-term economic growth, development and transformation.

Although differences remain between government and industry, the chasm has narrowed and the Chamber will seek out all future avenues to discuss issues of mutual concern with government and all our industry partners.

The release of the National Development Plan (NDP) 2030 brought much-needed clarity over government's longer-term vision for the mining sector. Described by President Jacob Zuma as the "long-term socio-economic roadmap for South Africa", the NDP envisions a vibrant and thriving mining industry that can build on the country's rich mineral endowments and comparative advantages.

Through the NDP, the government also commits itself to greater policy and regulatory certainty for existing participants and future investors in the mining industry. This is an approach that is welcomed and whole-heartedly supported by the Chamber.

The NDP also highlights the need to build the future growth of the mining industry on the provision of quality infrastructure, transport, rail, water and power. The announcements by President Zuma of an intended R4-trillion investment in infrastructure over the next 15 years are evidence of the government's commitment to boosting the industry's growth and sustainability.

We have no doubt that these investments will not only give new impetus to the growth of the industry, but also bring enormous benefits to communities located close to mining activities.

However, we must remain cognisant that mining is about real estate and security of tenure and if ownership is threatened, the existence of mining is threatened. All uncertainty must be removed in order for us to set a starting foundation for new investment. The free market basis of our founding Constitution is of paramount importance. Whilst we understand the need for legislation to evolve and improve over time, certain of the proposed amendments to the Mineral and Petroleum Resources Development Act (MPRDA) create significant challenges for long-term investment in the mining sector. As we have worked together to address the other key challenges facing this sector, we must also work together to find solutions when it comes to amending our legislation – solutions which support further investment, rather than deter it.

FOREWORD BY THE PRESIDENT OF THE CHAMBER OF MINES (CONTINUED)

The Chamber and its members are committed to beneficiation, but South Africa needs to compete where we have competitive advantage. The most important thing legislators can do is create an environment which incentivises the massive investment needed in the mining industry, as well as in the downstream businesses that make economic sense.

As stakeholders in the South African mining industry we need to focus our energies in returning the sector to its optimal production levels and the following are a few actions we can and should commit to, to turn our current situation into an opportunity:

- We must all align with the Deputy President's broad encompassing vision to bring all the key players into a dialogue that charts a common future. For those that decide to not come together in this quest to rebuild our future, at least have the decency to stand aside and let good South Africans build on the foundations that have taken us this far. While we know we are not where we want to be, we have to acknowledge what has worked, and at the same time learn from our mistakes.

- We must continue to engage with the Finance Ministry on the taxation review, and look for the balance that is needed in ensuring a competitive future for our industry, while at the same time making sure we all pay our fair share of resource rents. We must do this quickly, as uncertainty is our greatest enemy in the minds of our most important long-term supporters. We must always remember, if we do not have an industry with long-term certainty, we cannot plan for and continue to support our social development agenda.

- We must agree to sensible adjustments to the MPRDA – adjustments that encourage entrepreneurship and downstream investments. That means a number of the current proposals that will create more uncertainty for investors must be withdrawn or substantially amended. We cannot continue to destroy the market's trust by adding further investment uncertainty.

- We must consider our limitations on foreign exchange control.

- We must become a country that encourages investment and businesses making profits, understanding that with prosperity, work opportunities and investment in the future that will help build our country will come. With profits come taxes and the capacity to build our social programmes.

Our industry will always remain conscious of its social footprint outside of its primary mining activity. The Chamber has again approached the process of wage negotiations with a receptive mind-set to ensure that the gains made over the past few years in terms of skills development, career growth paths and support for education, health and housing initiatives are not sacrificed in the interest of short-term decision-making.

Finally, as the departing President of the Chamber of Mines, I want to pay tribute to the strong leadership role played by my predecessor, Dr Xolani Mkhwanazi and express my appreciation for the sterling efforts by all the members of the Council, the management team led by Bheki Sibiya, and to each and every member for their contributions in ensuring that we keep "Putting South Africa First", even during the difficult times, in fact, especially during the difficult times.

Mark Cutifani
President:
Chamber of Mines of South Africa

MOST INCOME OF THE MINING SECTOR IS SPENT LOCALLY

IN 2012, THE TOTAL INCOME OF THE SOUTH AFRICAN MINING INDUSTRY WAS

R497.1 billion

(AFTER DEPRECIATION AND IMPAIRMENTS)

MESSAGE FROM THE CHIEF EXECUTIVE

An assortment of events and circumstances have combined to create what without doubt has been a most demanding year for the Chamber of Mines and all of its mining company members.

The most prominent of these was the Marikana tragedy, an event that took place on 16 August 2012 when 34 platinum sector mineworkers lost their lives in a violent confrontation with members of the South African police force. What happened at Marikana is one of the saddest and most regrettable episodes in the history of the mining sector and it is imperative that the right options are taken to be sure it is an occurrence that is never repeated.

In the wake of the disastrous loss of life at Marikana there was a wave of illegal strike action, initially in the platinum mining sector, but which subsequently spread to gold and iron ore operations. The violence that accompanied this unprotected industrial action claimed additional lives and massive financial losses running into many billions of rands were suffered by these three significant components of the mining industry.

The volatile internal developments were linked to adverse global circumstances which included the slowdown in economic growth in China, the below potential growth performance of the American economy and the ongoing economic recession in Europe. These negative international variables caused sharp reductions in commodity prices. Over a six-month period the price of gold dropped by more than 20% and a declining demand for catalytic convertors in the vehicle-manufacturing industry was the cause of a similar drop in the price of platinum. For the South African mining industry this translated into a situation where more than 50% of gold and platinum operations found themselves in loss-making situations.

Investor sentiment was eroded prompting three of the world's top rating agencies – Standard & Poor's, Moody's and Fitch – to downgrade South African's sovereign credit rating. Compounding these damaging interventions were the results of a Fraser Institute survey of mining countries in which South Africa was downgraded 10 places to position 64 out of 93 countries.

Even though this exercise by the Fraser Institute was based on perceptions, it nevertheless is illustrative of investor concerns about the country. Unfortunately, the survey results tend to overplay the risks facing the mining sector and underplay the many advantages the country has built. The reality is that perceptions tend to drive investor sentiment and this means that they have potentially deleterious consequences for the growth of mining in South Africa.

A similarly onerous consequence is directly attributable to nationalisation of the mining industry rhetoric, clamorously articulated by members of the African National Congress (ANC) Youth League. Fortunately, the prospect of nationalisation as a viable policy option was dismissed at the end of 2012 by members of the ruling ANC at their major elective conference. It was a decision unanimously applauded by all members of the Chamber of Mines but one taken too late to comprehensively avert global investor uncertainty.

The termination of the noxious nationalisation debate is just one of a number of positive government and ruling party signals that have been sent recently to the mining industry. Our country's Head of State, President Jacob Zuma, has made it abundantly clear on numerous occasions that he and all members of his Cabinet are committed to a prosperous and globally competitive mining sector.

Bheki Sibiya, Chief Executive: Chamber of Mines of South Africa

The industry is justifiably recognised as one with considerable potential to assist government in its efforts to alleviate poverty, inequality and unemployment. These debilitating conditions have explicitly been identified as South Africa's major socio-economic deficiencies and they are commonly referred to as the evil triplets.

A more recent development that lends additional substance to government's mining industry expectations has been an initiative led by Deputy President Kgalema Motlanthe. Originating in response to uncertainties caused by what happened at Marikana as well as potential disruptions emanating from critically important 2013 wage negotiations, Mr Motlanthe's efforts were focused on the development of a Framework Agreement for a Sustainable Mining Industry.

The recently finalised stakeholder agreement emphasises that the mining industry is central to South Africa's economy and job creation. It commits government, business and organised labour to work together to ensure the sustainability of the mining sector for the future of South Africa and all of its people. There is an additional stakeholder pledge to help reposition the industry so that it becomes attractive to investors and, most importantly, an undertaking by all participants to abide by the rule of law and so ensure peace and stability.

The Chamber of Mines and its members are unequivocally committed to the outcomes of the Deputy President's initiative and they firmly believe that adherence to the provisions contained in the Framework Agreement will deliver an acceptable conclusion to the industry wage negotiation process. To be brutally frank, there is no other result that can realistically be contemplated. An amicable agreement will go a long way to ensuring that the industry has an effective, efficient, secure and productive workforce that enables it to extract optimal benefits from the sale of its products once the existing global recession comes to an end.

During the year under review the Chamber of Mines finalised new strategic objectives and the implementation process is now well underway. Its primary strategic imperative is: "Putting South Africa First" and it is contended that this should become the shared aspiration of all industry stakeholders for it is an essential requirement if the industry is to receive the investment needed to build a prosperous future for the nation and all of its people.

Bheki Sibiya
Chief Executive:
Chamber of Mines of South Africa

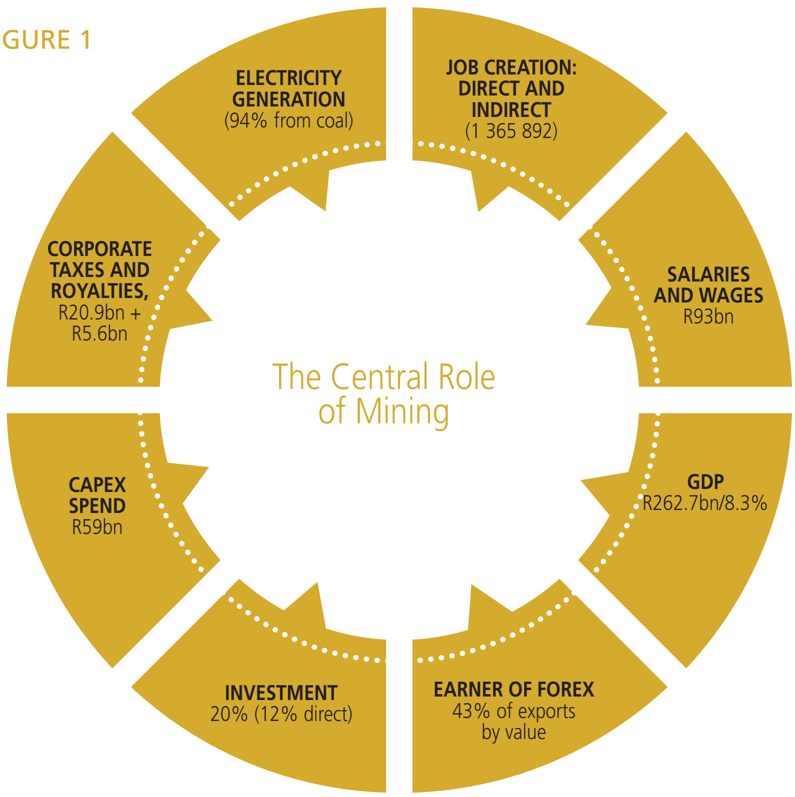
MINING IS THE FLYWHEEL OF THE SA ECONOMY

THE SOUTH AFRICAN MINING SECTOR ACCOUNTED FOR AN ESTIMATED

1 365 892

JOBS IN SA IN 2012

FIGURE 1



The mining industry's contribution to the national economy and indeed to virtually all components of positive growth and development in South Africa, has always been, and continues to be, considerable.

The South African mining industry, now the fifth largest in the world, accounts for over 8% of South Africa's GDP on a direct basis. A recent study by Quantec and the Industrial Development Corporation (IDC) found that in 2012 the mining sector helped to create 1 365 892 jobs in the South African economy.

This accounts for approximately 14% of the total formal non-agricultural employment in the country.

Mining created 524 632 jobs directly and another 841 260 jobs were created in the industries that either supply goods and services to the mining sector, or use mining products for downstream value addition, or which are related to the spending multipliers from mining and mining employees in the economy.

The social multiplier of mining is very significant for South Africa. Given a dependency ratio of about 10 to 1, this means that about 13 600 000 people were directly dependant for the daily food on their table on the 1 365 892 jobs created by the mining sector.

The Chamber of Mines and its members acknowledge that even though the sector contributes significantly to both

the fiscus and society, it is willing to do more through constructive partnerships. All stakeholders and role players need to work together to enhance the profile of South Africa as a preferred investment destination, positioned for sustainable growth, competitiveness and job creation in the long term.

1. The impact of global dynamics on SA mining

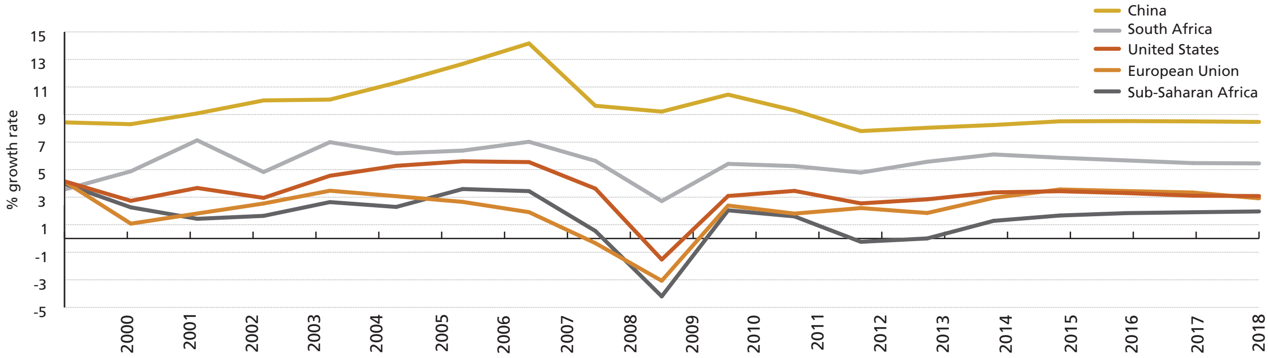
Despite the significant role and contribution of the mining sector to the South African economy, the industry is currently in a major crisis. The European recession and slowdown in China's economic growth, has had significant impacts on commodity demand, and hence prices. Mining companies have been hit by a threefold blow of falling demand, falling prices and rapidly increasing production costs. As global growth will continue to be tentative with high/rising unemployment especially in OECD region, the slow recovery in Europe and the rest of the world will mean a longer turnaround period for the domestic mining sector.

- Platinum

The platinum industry has been hit by the combined impact of slowing global demand, market surpluses and therefore falling prices, rapidly escalating domestic production costs (that have added to the high cost structure of the industry) and the impact of the illegal labour strikes that hit the industry in 2012. The platinum price in 2012 averaged US$1 552 per oz, trading about 10% lower than the 2011 average of US$1 721 per oz. Given that Europe accounts for 23.8% of global platinum consumption, and 40.9% of the platinum auto catalysts, platinum demand is highly dependent on the recovery of the economy in this region. China is the world's largest consumer of platinum with a 28% share, but the slowdown in the economic growth rate also impacted on demand growth for platinum in that country. Over 83% of platinum demand in China is for platinum in the jewellery industry. China alone accounts for 70.5% of the world's demand for platinum in jewellery.

Weakness in the main Platinum Group Metals (PGM) market of Europe combined with increased availability of scrap and recycled metal and some substitution of platinum by palladium has exacerbated the weakness in the platinum market. The tarnishing of the reputation of South Africa as a reliable supplier of platinum to global markets has accelerated the move to greater secondary recycling. Demand for PGMs has not recovered to pre-global financial crisis levels and, in platinum, 770 000 ounces of surplus supply was generated in the five years prior to the strike-affected year of 2012. Based on prices of about US$1 600 per ounce of platinum and when combining cash

FIGURE 2 Economic growth rate in USA, EU and China



Source: IMF WEO, October 2012

MINING IS THE FLYWHEEL OF THE SA ECONOMY (CONTINUED)

costs and sustaining capital expenditure, approximately 59% of the platinum mining industry is either marginal or loss-making.

- Gold

South Africa lost its place as the world's largest gold producer in 2007, and 2012 saw it slip to sixth position in world rankings, behind China, Australia, USA, Russia and Peru. Whilst the other large gold producing countries have been increasing output with the rising prices, South Africa's production has continued to shrink. In 2012, South Africa produced 167.2 tons, approximately 12% lower than 2011 and an estimated 5.8% of the global total. Over the past decade, South Africa's gold production has shrunk by 8.2% per annum. The fall in production is a result of various issues such as work stoppages, the high rate of increase in the input costs, increasing depth of operations, continued declines in productivity measures per employee (on average) and the exhaustion of older ore bodies. Given the current rate of decline in productivity in the South African gold sector over the past decade, a continuation at this level would result in gold mining production halving to an estimated 80 tons by 2020, with a labour force of less than 60 000.

- Coal

In 2012, world total primary energy consumption grew at a slower pace as a result of the slowdown in global economic growth. Primary energy consumption in absolute terms fell in a number of advanced economies including the USA, Europe, Australia and Japan while energy demand grew in most emerging economies. China and India accounted for a significant portion of global energy consumption with coal being their fuel of choice. For the first time in history China accounted for over half of world coal consumption, while in the USA the use of cheaper natural gas has resulted in a decline in coal consumption. Furthermore, in 2012, world thermal coal consumption increased as demand in key markets such as China and India grew. As a result the seaborne thermal coal trade increased by 10.6% to 958 million tons (MT).

Looking ahead, in the five-year period from 2014 to 2018 the world seaborne thermal market is expected to grow by 2.6% per annum to 1 125 MT, reflecting continued growth in energy demand in the fast-growing large populous countries like China and India. Coal import demand from India is expected to grow from 101 MT in 2012 to about 185 MT in 2018, while Chinese demand is expected to rise from 210 MT to 257 MT in the same period. Australia and Indonesia are expected to continue dominating the supply of thermal coal into the global market, including accounting for much of the supply growth to meet increasing demand from China and India. In both 2011 and 2012 the supply of coal into the global thermal coal market increased by over 100 MT with extra supply emerging from Australia, Indonesia and the USA.

Despite continued growth in demand from key countries such as China and India, the large increase in supply in the past few years has placed downward pressure on prices. Thermal coal export prices from the Richards Bay Coal Terminal (RBCT) fell by 20.1% to US$92 per ton in 2012 when compared to the $116 per ton average achieved in 2011. Continued global oversupply is likely to continue to depress coal prices in the short term.

2. Domestic factors impacting on SA mining

2.1 Declining production

- Platinum

The South African PGM mining sector is one of the largest components of the South African mining sector on the basis of GDP and export earnings and is a significant contributor to the South African economy. In 2012, the PGM mining industry generated R69 billion in sales; was responsible for 23% of the country's mining exports (9% of total merchandise exports); and has significant direct, indirect and induced multipliers into the rest of the economy, which makes it a significant contributor to the fiscus. The sector employed 197 847 people in 2012, an increase of 2% from 2011, with employees earning R34.4 billion in salaries and wages.

South Africa's PGM production contracted by 13% from 250.7 tons to 217.8 tons in 2012. Platinum production also contracted by 16% to 127.4 tons. The global platinum market swung into oversupply of approximately 13.9 tons in 2011 (450 000 ozs) to an estimated deficit of 11.7 tons (375 000 ozs) in 2012. Global supply fell by 13% to 175.4 tons (5.64 million oz) – the lowest level in 12 years. The main reason for this change was that platinum shipments from South Africa fell by 16% to 127.4 tons (4.10 million oz) in 2012, losing approximately 750 000 ozs due to legal and illegal strike action, safety stoppages and mine closures. Recycling contracted slightly from 64 tons (2.060 million ozs) in 2011 to 63 tons (2.030 million ozs) in 2012.

On average, the platinum mining sector accounts for 2.4% of GDP directly. When one includes the sidestream beneficiation multipliers as well as a downstream platinum beneficiation sector, the total contribution (direct, indirect and induced), is approximately 5.7% to South Africa's GDP. South Africa currently produces 13% of the world's platinum catalytic converters using 1.2 million ounces of PGMs fabricated by the world's leading catalytic manufacturing companies. In due course, South Africa could become the leading country in the fabrication and adoption of critically important technologies such as platinum fuel cells. Substantial research in the Platinum Beneficiation Committees (I and II) highlighted the potential for further beneficiation in South Africa and the recommendations from these processes need to be assessed and

implemented. However, the substantial downstream platinum catalytic converter industry is under threat due to changes to the incentive programme for the automotive sector.

- Gold

The gold mining sector remained a key contributor to the South African economy in 2012 and accounted for R72 billion in foreign currency earnings or 10% of total merchandise exports (the largest mineral export) and about 2% of GDP (if the multipliers and induced effect are included). The gold mining sector employed 142 193 workers and produced 167.2 tons of gold valued at R76 billion, with the grade per ton contracting from 5.15 in 2005 to 2.91 in 2012. Over the past decade South Africa's gold production has shrunk by 8.2% per annum, the highest rate of decline among the world's top 10 producing countries. If the downward trend of the past decade is repeated for the decade ahead then gold production will fall to about 80 tons by 2020, export values will halve and job numbers in the sector would fall to about 55 000 people. This is an outcome that has to be avoided.

- Coal

In 2012, the South African coal mining sector employed 83 245 people, paid R17.4 billion in wages, accounted for 1.5% of GDP (directly) and accounted for 6.8% of South Africa's merchandise exports. The sector also accounted for 94% of the country's electricity generation in terms of primary energy supply, over 30% of the liquid fuel production and contributed significantly to the production of fertilisers, chemical feedstocks, plastics, polymers, steel production and cement production. Despite the 10.5% increase in the physical volume of exports to 76 MT in 2012 and the 13.2% depreciation in the rand exchange rate, South Africa's coal export sales increased by only 3.3% to R52 billion, as it was unable to strongly benefit from the export market due to the 20% decline in dollar export prices. In 2012, South African export sales rose by 3.3% to R52.2 billion. Local sales increased by 4.5% in volume terms to 185.7 MT while the domestic sales value increased by 17.8% to R43.9 billion. Total South African coal sales grew by 9.5% to R96 billion, making coal by far the largest component of South African mining by sales value (the next biggest is gold at R77 billion).

At the global level the focus on global climate change and the introduction of carbon taxes in key producing and consuming regions will have implications for the South African coal mining industry. The South African coal mining sector is, however, facing not only declining global prices, but also a set of domestic challenges. Domestic cost pressures, falling productivity, work place disruptions and new government regulations on coal as a strategic mineral are issues confronting the sector. Declining yields, some ageing mines, more difficult geology, the mining of some poorer quality ore bodies and rising regulatory costs are also adding to the cost base of the South African coal mining industry.

2.2 Rising cost pressures

The mining sector overall is placed under further pressure, due to rising cost pressures (domestically) and falling productivity levels. Figure 3 shows the cost inflation on the sector at an annual rate from 2007 to 2012. The leading contributors to this high cost environment include administered prices (electricity, etc.) and fuels. In the past five years (2007 to 2012):

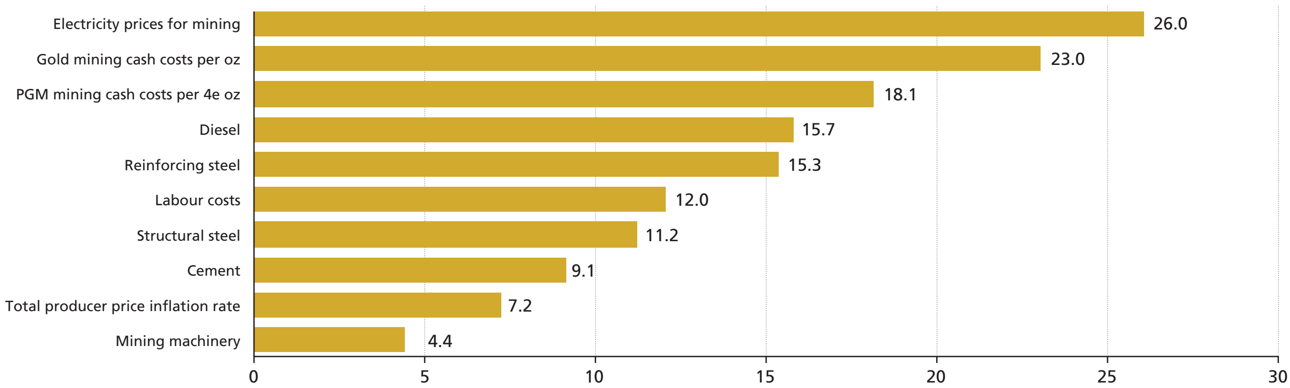
- Electricity prices to the mining sector have risen by 238% from 18 cents per kilowatt hour in 2007 to 61 cents per kilowatt hour in 2012.
- Diesel costs have increased by 69.3% in the five-year period, or an average of 15.7% per annum, on the back of higher international oil prices.
- Reinforcing steel prices have increased by 57.5%, or an average of 15.3% per annum in the same period.

- Platinum

In the past five years the average cost of producing platinum has increased by 18% per annum, the high operating costs can be attributed to systemic structural changes such as declining head grades, increasing mine depths, reducing productivity and increasing capital intensity. Shifting away from Merensky Reef towards UG2 ores has also impacted on price. The current state of this industry includes a 40% decline in platinum output per worker, the industry's capital intensity has more than doubled and costs have risen by a compound annual rate of 14% per period.

MINING IS THE FLYWHEEL OF THE SA ECONOMY (CONTINUED)

FIGURE 3 Cost inflation affecting the South African mining sector, average annual for 2007 – 2012 (%)



Source: CoM EAU

- Gold

In 2012, the unit production of South Africa's gold sector rose by 27% to R337 768 per kilogram before capital expenditure. Total production costs including capital expenditure (capex) rose by 31% to R450 774 per kilogram. This compares to the average gold price of US$1 668 per ounce in 2012. The key drivers of costs in the past five years have been higher electricity, wage and steel costs applied against production base. In 2010, companies implemented cost reduction programmes, but the results of that were short lived as costs started accelerating again in 2011 and 2012, on levels way beyond Producer Price Inflation (PPI).

- Coal

The coal mining sector has also been exposed to rapidly increasing production costs over the past few years. For example, the electricity price has increased by 238% between 2007 and 2012. Based on PPI figures, electricity prices rose by 23% in the period 2008 to 2012. Wages for the entire mining sector increased by an average of 10% in the same period and other key input costs like reinforcing steel and diesel have risen by double digit rates. Declining yields, some ageing mines, more difficult geology, the mining of some poorer quality ore bodies and rising regulatory costs are also adding to the cost base of the South African coal mining industry.

2.3 Declining productivity

- Platinum

Total factor productivity of the platinum mining industry has also reduced appreciably over the past 12 years (Figure 4). The industry produces nearly 40% less platinum output per worker, the industry's capital intensity has more than doubled and costs have risen by a compound annual growth rate of about

FIGURE 4 South African platinum mining labour productivity (kgs produced per employee) and real labour costs per kg of PGM produced, based indexed to 1990

Source: CoM EAU

14% in that period. Some of the reasons for this decline are structural. Between 2000 and 2012 the platinum industry's average head grade fell by 40%. One of the contributing factors to this fall in head grade has been the significant shift from the mining of Merensky Reef (>70% of total mined in 2000) towards UG2 ores which now comprise over 70% of the total. UG2 ores have far less platinum than Merensky ores. Productivity per worker has reduced by 38% from the peak of 2.37 kgs of PGMs per worker in 1999 to 1.48 kgs per employee in 2011. In the same period real labour costs per kilogram of PGMs produced has increased by over 176% from R38 360/kg to R105 653/kg. There is no doubt that the industry and all stakeholders need to investigate ways to reverse the sharp increase in costs and downward spiral in productivity.

- Gold

Figure 5 depicts the downward trend in gold productivity, from a 1990 base year. Between 1994 and 2012 the overall quantum of employee numbers, tons mined, tons broken, kilograms of gold produced, stoping meters and development on reef have effectively reduced to a third of their 1994 value. The only indicator which has only fallen to half its 1994 level is tons milled, and this is because of the escalation in the amount of low-grade surface materials that are being placed through the mills. Effectively just over 40 million tons of low-grade surface materials and 30.3 million tons of underground mined materials are being processed through the mills on South African operations.

"Between 2008 and 2012, average earnings per worker employed in the coal mining sector increased by an average of 8.1% per annum"

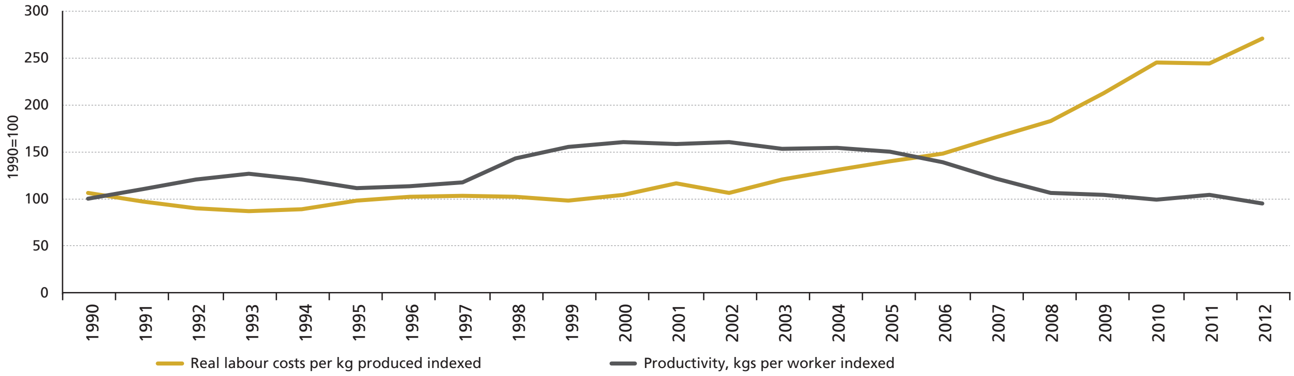
The challenge facing leadership in the gold mining sector is establishing a way to reconcile short-term cost pressures traditionally inherent in wage negotiations with longer-term productivity improvement. From 2007 to 2009, the average remuneration paid to gold mine employees had risen by an average of 13.4%, accelerating to a 14.4% increase in 2010, then 11% and 10% in 2011 and 2012, respectively. On average, the remuneration for a gold mine employee had risen to R13 435 per month in 2012 versus 2010's R10 972 whilst relative output per worker had fallen.

- Coal

In 2012, employment in the South African coal mining industry increased by 5.9% to 83 240 people. Relative output per worker which peaked at 5 053 tons per employee in 2003 has declined by an average of 5.2% per annum in the intervening period to reach 3 106 tons per employee by 2012 as shown in Figure 6.

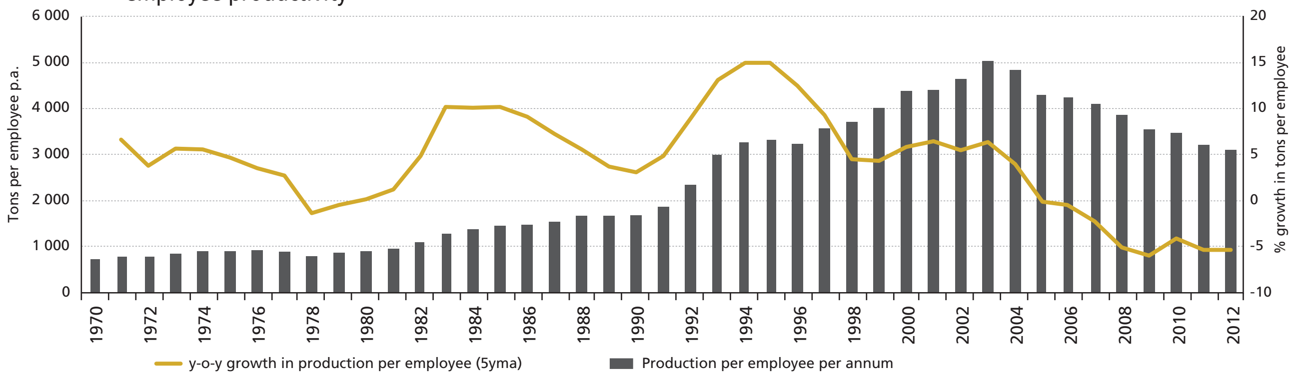
Between 2008 and 2012, average earnings per worker employed in the coal mining sector increased by an average of 8.1% per annum. However, when nominal wage increases are viewed in terms of the labour cost per ton of ore produced and declining productivity are combined, then the picture is starting to become negative. Between 2008

FIGURE 5 South African gold mining, labour productivity (kgs produced per employee) and real labour costs per kg of gold produced, based indexed to 1990



Source: CoM EAU

FIGURE 6 Relative productivity in the South African coal sector, tons produced per employee, versus growth in employee productivity



Source: CoM EAU

MINING IS THE FLYWHEEL OF THE SA ECONOMY (CONTINUED)

"Coaltech continues to support a significant number of post-graduate students at various tertiary institutions"

and 2012 the nominal cost of labour per ton of saleable coal produced rose by 14.4% per annum, which is significantly higher than the inflation rate. If nominal wages are converted into real money terms and declining productivity is included then the real cost of labour per ton of saleable coal produced rose by 6.8% per annum between 2008 and 2012. While this is not yet at crisis levels as real labour costs per ton of saleable coal produced are only back to 1990 levels, the upward trend is fairly steep.

3. How do we move forward?

It is imperative that all stakeholders firstly recognise the current strife in the mining sector, and secondly, recognise that they all have a role to play in helping the mining industry through this crisis. It is of critical importance that all parties work collaboratively to promote South Africa as a reliable supplier of ounces to global markets and as a mining investment destination of choice. Stakeholders also need to work together to improve productivity and position the South African mining sector for sustainable growth, competitiveness and job creation in the long term.

4. Research

4.1 Coaltech Research Association

The role of Coaltech remains the development and adaptation of technologies to maximise the utilisation of South Africa's coal resources, as well as ensuring a cleaner, safer and more efficient coal mining industry. A strategy session early in 2013 reconfirmed Coaltech's mandate and identified three additional focus areas, namely community relations, the treatment of coal fines across the value chain and improving logistics and infrastructure.

During the year under review the following major projects were completed:

- The handbook on borehole logging that will be available to the industry.
- The horizontal stress project has been completed and a very useful simulation video was made available to the industry and universities.
- The measurement of greenhouse gas emissions from South African coal mines. The final results were submitted to the IPCC for accreditation.
- The assessment of the eutrophication and chemical pollution in the Upper Olifants River system. This project was managed by Coaltech on behalf of the Olifants River Forum.

The major work underway includes:

- Addressing methane ignitions on the face in continuous miner sections. This project involves computational flow dynamics modelling and simulation to evaluate ventilation and methane flow patterns and remedial measures.
- Coal processing research focusing on dry beneficiation. Two systems were tested and evaluated. The FGX system was tested with coals from different mines and two full-scale units were evaluated and adjustments recommended. X-Ray sorting technology was initially tested at a number of collieries. Further test work is continuing.
- Limiting and mitigating the impact of collieries on wetlands. The database on "pans" will be completed soon. Amended guidelines on the offsetting of wetlands are awaited for final scrutiny and evaluation. The rehabilitation of a "damaged or impacted" wetland is set to start soon.

Coaltech continues to support a significant number of post-graduate students at various tertiary institutions. During the year under review it reached a major milestone in that 100 students obtained post-graduate degrees since the inception of Coaltech in 1999. This includes, amongst others, 18 doctoral degrees and two post-doctorate qualifications.

4.2 The CSIR Mine Explosion and Fire Research Facility (Kloppersbos)

The coal mining industry utilises the services of the CSIR Mine Explosion and Fire Research Facility (Kloppersbos) for promoting awareness of the hazard posed by methane in underground collieries. For the last number of years the financial sustainability of Kloppersbos was in doubt, causing concern in the industry. Following changes in the management of CSIR Analytical Services, which included Kloppersbos, the facility was transferred to the CSIR Strategic Initiatives Implementation Unit during March 2013.

In discussions on the sustainability of Kloppersbos, the head of this unit gave the assurance that the CSIR had no intention of taking unilateral decisions on the future of the facility without consulting the mining industry and the Department of Mineral Resources.

The Strategic Initiatives Implementation Unit was currently working on an interim plan to carry out some much-needed maintenance at Kloppersbos and a long-term assessment of the potential to improve the service offered at the facility.

Options being investigated include:

- Improving the training offering by expanding and repackaging existing content and partnering with the Collieries Training College; and
- Linking the offering at Kloppersbos to other CSIR training initiatives such as heat stress management, hearing conservation and dust control measures.

The coal producing members of the Chamber committed to supporting the CSIR in its endeavours to improve the service offered at Kloppersbos.

4.3 Mining Energy Research Programme

A former head of CSIR Miningtek approached the Chamber and several of its members with a proposal for the establishment of a Mining Energy Research Programme. A meeting of interested parties took place in March 2013 in the Chamber of Mines. Following the presentation of an outline of a proposal for a collaborative research initiative into research to enhance the energy efficiency of the South African mining industry the meeting agreed that the initial objective would be to focus on energy efficiency and alternative energy sources with a view to reducing the energy bill as well as to reduce the dependence on external energy suppliers over five years.

Consequently a workshop took place where the participants identified a number of potential projects. At a subsequent meeting the participants agreed that the identified projects be scoped into project proposals for further consideration. It is foreseen that a decision whether to establish the envisaged collaborative research initiative will be taken during 2013.

5. Energy

5.1 Electricity supply

The electricity supply system remained severely constrained during the period under review. This is due to the shortage of generation capacity and the need to perform maintenance on the ageing generation fleet. The situation is only expected to ease slightly when at least six of the new-generation units at Medupi and Kusile commence commercial operation. That is expected to come about only in 2018.

Eskom is also experiencing difficulties in maintaining its transmission and distribution systems. In the first quarter of 2013 Eskom lost two transformers in succession on the West Rand, resulting in the supply to several gold mines in the area being disrupted. Underground work was stopped until Eskom stabilised the network via network switching and built a temporary line. This incident cast doubt on Eskom's ability to provide mines with a firm supply of electricity.

5.2 Multi-Year Pricing Determination 3 (MYPD 3)

In the MYPD 3 application submitted to the National Energy Regulator of South Africa (NERSA) during December 2012, Eskom requested approval for an annual increase in revenue of 16% per year for a five-year period, i.e. from 2013 to 2017. Eskom also proposed an initial increase in tariffs of 21.6% for NIGHTSAVE Large customers and 20.7% for MEGAFLEX customers.

These industrial customer groupings include almost all large mining operations. In its submission to NERSA on the MYPD 3 application the Chamber pointed out that South Africa's electricity price to large industrial customers had already trebled during the previous five years. That rate of increase in price was unprecedented and had a materially large effect on the competitiveness of many components of the industrial economy and on consumers. In Rand terms the price had risen from 18.01 South African cents per kWh to 60.67 cents – a huge 237% increase. Many components of the business sector were already struggling to cope with this rate of increase, never mind the further doubling of the new price proposed by Eskom in its MYPD 3 application.

In its application Eskom argued that the increase in the cost of coal was a major driver for the need to increase revenue. The Chamber contended that the increase in the costs of coal was not the primary driver of the sharp increase in price proposed by Eskom in MYPD 3. The cost of coal as a percentage of the Eskom proposed price declined from 27.1% of the total in 2013/14 to 21.0% by 2017/18. Rather it was the large increase in return on capital invested which rises from 4.7% of the price to 27.9% of the price in the same period that drives the Eskom proposed price increase up so high.

During February 2013 NERSA approved an 8% average increase per annum for the next five years.

MINING IS THE FLYWHEEL OF THE SA ECONOMY (CONTINUED)

6. Infrastructure and transport

6.1 Waterberg Task Team

During May 2012 the Chamber's coal producing members agreed to establish a task team to investigate the Waterberg area and identify issues that should be addressed to facilitate coal mining in the area. It was further agreed that the Waterberg Task Team should involve non-Chamber members active in the Waterberg. The Chamber of Mines of Botswana was also approached and agreed to participate in the work of the Waterberg Task Team.

One of the initiatives that form part of Strategic Integrated Project 1 (SIP 1) of the Presidential Infrastructure Co-ordinating Commission is to unlock the northern mineral belt with the Waterberg as the catalyst. It thus appeared appropriate for the Waterberg Task Team to interact with SIP 1 to share information, avoid duplication and ensure that the right issues are addressed.

In order to be as inclusive of all stakeholders as possible, it was arranged that SIP 1 would engage with the private sector through Business Leadership South Africa (BLSA). To this end, BLSA appointed an Infrastructure Project Manager to serve as the link between private sector entities, such as the Waterberg Task Team, and SIP 1. A delegation from the Chamber of Mines and the Waterberg Task Team also attended a meeting of the Transnet Policy Forum.

The mining industry's views on rail infrastructure and services, with a specific reference to the Waterberg coal field, were presented to the Forum. The delegation also expressed the need for better engagement between Transnet and the mining industry. The meeting concluded with agreement to establish a team to develop terms of reference and a process for further engagement. The process is still underway.

6.2 Water proposal

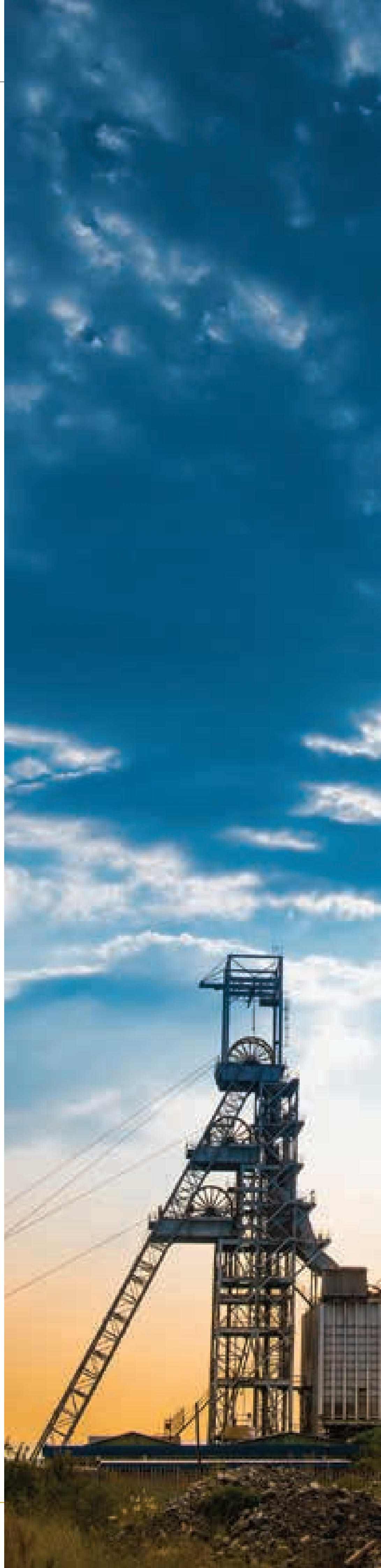
The Lebalelo Water Users Association, an association of water users in the Eastern Limb of the Bushveld Complex, proposed a scheme to transfer discharge water from collieries on the Mpumalanga Highveld to the platinum and chromite mines on Eastern Limb of the Bushveld Complex.

The Chamber's coal-producing members agreed to participate in a feasibility study and the compilation of an overview of mining companies' approaches to addressing water-related problems. To this end a Water Task Team, comprising nominees from the coal producers, was established. After examining the proposal the Water Task Team concluded that:

- There was not sufficient surplus water available for the proposed scheme.
- The mines in Mpumalanga should ensure that local communities have a sufficient supply of water before "exporting" water.
- The proposed scheme was not financially viable in the long term based on current treatment costs for mine water treatment.

6.3 Coal transport

Some 30 million tons of coal is hauled from collieries to Eskom power stations annually by road. The tonnage hauled by road is planned to decrease over time but it will never disappear. The hauling is done by contractors, some engaged by Eskom and some by the supplying collieries. Given that the hauliers are paid per ton of coal delivered, they attempt to maximise their performance. This has inevitably led to reckless driving, driving in poor visibility and other dangerous behaviour. As a result a number of road accidents resulting in fatalities occurred over the last few years.



Since 2011 members of the Collieries Committee and Eskom agreed that where trucks of hauliers were involved in dangerous behaviour, no trucks of such a haulier would be loaded or unloaded until the matter had been addressed. This worked well in curbing dangerous behaviour. The major flaw of this arrangement was that penalties were imposed on haulage contractors in an arbitrary, inconsistent way.

It has, therefore, become necessary to introduce a formal system applying to all coal haulage contractors in a fair and consistent manner. To this end formal rules and procedures must be formulated to deal with transgressions.

Representatives from Eskom and from coal producers met to consider a system whereby the activities of road transport contractors transporting coal could be managed. It was agreed to:

- Compile a database of all coal road haulage contractors engaged by coal producers and Eskom; and
- Implement a formal procedure for dealing with transgressions or dangerous behaviour on the part of coal haulage contractors.

The process is currently being implemented by the Road Forum of the South African Colliery Managers Association in co-operation with Eskom.

7. Mining Industry Association of Southern Africa

The Chamber continued its participation in the Mining Industry Association of Southern Africa (MIASA) while also providing a secretarial function for this organisation. In 2012 MIASA agreed to fund a study into the economic contribution of mining in the SADC region. The objective was to develop a document to be used to inform politicians, government officials and SADC officials of the socio-economic role of mining in the SADC region. The study is now nearing completion. During the year the Chamber of Mines of Madagascar joined MIASA, taking its membership to eight national mining associations in the SADC region.

8. Other

8.1 Mpumalanga Mining Lekgotla

The Department of Mineral Resources and the Mpumalanga Provincial Government co-operated in arranging a Mining Lekgotla in the province. The Chamber was invited to participate in the preparation for the Lekgotla and representatives from the mining industry participated in a series of preparatory meetings.

The motivation for the Lekgotla was perceptions in the communities that:

- Areas with mining operations consisted predominantly of poor communities. Mines were not contributing to the socio-economic development of the area, the social and labour plans of mines had a minimal impact and this had already led to unrest in a number of mining communities.
- Mining had resulted in the degradation of the environment, water resources and road infrastructure.

The Lekgotla was intended to bring together national and provincial government, local authorities and the mining industry to co-operate in addressing various challenges in the mining sector and the communities. The Lekgotla was also expected to result in short-, medium- and long-term plans with time lines and responsibilities assigned to specific persons or institutions. It was to specifically address:

- Human capital development;
- Enterprise development;
- Urban renewal; and
- Sustainable development and the environment.

The event took place on 1 and 2 November 2012 in the Steve Tshwete Local Municipality and concluded with agreement on follow-on activities with each party signing a pledge committing itself to the process.

LABOUR RELATIONS

The period under review has seen significant events taking place in the mining industry that have had a profound impact on the employment relations landscape.

Last year was a watershed year for the South African mining industry, particularly the platinum sector, and all manner of previously held "truths" about collective bargaining and collective agreements have been questioned and, in some instances, completely overturned.

Many of Industrial Relations Services' (IRS) activities in the period since June 2012 have been concerned with collective bargaining and related matters in the gold, coal and platinum sectors. A significant focus has been on returning the industry to stability, the restoration of peace and order and the sustainability of mining in the future. In this regard, IRS participated in processes driven by the Minister of Mineral Resources and the Deputy President aimed at normalising the mining sector.

Framework Agreement on Peace and Stability in the Mining Industry

In light of the violence on the platinum mines, the Minister of Mineral Resources convened a meeting with the mining stakeholders, including the Chamber, to discuss the return of peace and normality to the sector. The outcome of the meeting was that a Task Team was created to draft a framework agreement on peace and stability, not only for platinum, but also for the mining industry as a whole. The Framework Agreement was signed in February 2013.

In crafting the Framework Agreement, the stakeholders recognised that to achieve growth in the mining industry everything legally possible has to be done to ensure stability. Violence, intimidation, lack of respect and intolerance for different views and freedom of association and disassociation, has to be eradicated. The stakeholders thus committed themselves to work together to create an industry where peace and stability reigns supreme and where stakeholders are allowed to pursue their respective legitimate objectives for the ultimate benefit of the industry and of the country. The leadership of the stakeholders and their representatives undertook, collectively and publicly, to commit themselves to take all positive and proactive steps to ensure and promote peace and stability, and to ensure that their members were similarly committed.

Framework Agreement for a Sustainable Mining Industry

Subsequent to the President of South Africa having tasked the Deputy President to address the challenges facing the mining industry, the Chamber, including IRS, was invited to participate in a multi-stakeholder process under the leadership of the Deputy President and the Ministers of Finance, Mineral Resources and Labour. In June 2013 consideration was given, *inter alia*, to a draft Framework Agreement for a Sustainable Mining Industry. The NUM, Solidarity, UASA – the Union, COSATU, the Chamber of Mines, SAMDA, the Minister of Mineral Resources and the Minister of Labour signed the Framework Agreement on 3 July 2013.

The Framework Agreement sets out the key steps and processes that will see all the parties working together to ensure stability, and the sustainability of the mining sector, including:

- The parties' roles and commitments;
- Measures to ensure the rule of law, peace and stability;
- Ways in which to strengthen the labour relations framework; and
- A roadmap for future work.

In terms of the Framework Agreement business has, *inter alia*, committed to:

- Accelerate transformation in the industry;
- Negotiate in the workplace in ways that support long-term development and constructive, peaceful labour relations;
- Assist workers with financial literacy and financial planning;
- Provide workers with the opportunity to acquire necessary skills;

- Take all legal steps to mitigate against unprotected labour actions;
- Resolve labour disputes as speedily as possible;
- Assist with resources and technical support for upgrading human settlements around mining towns; and
- Support the process to transform the migrant labour system.

Collective bargaining

Gold sector

In September 2012 the unprotected industrial action that had started in the Rustenburg platinum belt spread to the gold sector, and protracted unprotected strike action ensued.

On 9 October 2012, the Chamber's Industrial Relations Services (IRS) met with the NUM, Solidarity and UASA in an attempt to bring normality and stability to the gold mining industry. It was critical that all the parties showed leadership in restoring stability to the mining industry and bringing the unprotected strike action to an end. The leadership of the Chamber and the unions were convinced that this was important, not only for the companies, the unions and the mineworkers, but also for the economic and social well-being of the country as a whole. The parties reiterated their commitment to the collective bargaining processes and to the sanctity of existing collective agreements. At the meeting, the Chamber also indicated that it had, in terms of the commitment contained in the 2011 wage agreement, reviewed the working arrangements for entry-level employees and other job categories. It had recognised that there were certain anomalies that needed to be addressed and made proposals to address these.

On 25 October 2012 the Chamber, representing AngloGold Ashanti, Gold Fields and Harmony, together with the NUM, Solidarity and UASA, signed an agreement to give effect to clause 11 of the 2011 Chamber Gold Wage Agreement.

The Agreement provided that:

- Category 3 employees would all be placed in the higher Category 4, which would be the new entry level for the companies;
- The salaries of the Category 4 to 8 employees would be raised by between 1.5% and 2.0%;
- A new operator level for Loader, Locomotive, Winch and Water Jet Operators would be created within Category 4 and their basic rates adjusted by between R250 and R400 per month; and
- The Rock Drill Operators either had their basic rates adjusted or received a monthly allowance.

All these adjustments were in addition to the salary increases of between 8.5% and 10.0% that took effect on 1 July 2012 in terms of the second-year wage deal contained in the 2011 wage agreement.

The gold companies and the unions also agreed, collectively, to chart a way forward for the industry that would strengthen the structures of collective bargaining and avoid a repetition of the events that had taken place prior to the agreement being signed.

The Association of Mineworkers and Construction Union (AMCU) has since achieved a presence in the gold sector. It is formally recognised at a number of operations and is in discussions about recognition with others. In 2013, for the first time, AMCU joined the NUM, Solidarity and UASA as a union party to the central-level negotiations on wages and conditions of service in gold. The gold employer negotiating caucus has also been expanded and AngloGold Ashanti, Gold Fields, Harmony and Rand Uranium have been joined in the central negotiations by Evander Gold Mines, Sibanye Gold and Village Main Reef.[1]

[1] *The negotiations were in their early stages at the time of writing and only one plenary session had taken place*

LABOUR RELATIONS (CONTINUED)

Coal sector

In 2012 the collieries did not experience unprotected strike action that had erupted in the platinum and gold sectors. However, in order to ensure continued peace and stability in the coal sector, the Chamber and the unions agreed to engage on some outstanding matters emanating from the 2011 wage agreement, with a particular focus on entry level salaries. Attention was also given to strengthening the collective bargaining framework. A number of meetings were held and an agreement was concluded on 7 November 2012, which saw the entry-level salaries at most of the coal companies being increased by 5%. Certain adjustments were also made in respect of some of the other employees.

The parties reiterated their commitment to maintaining the integrity of the collective bargaining processes and to the sanctity of existing collective agreements.

AMCU does not have a large presence in the coal sector and the 2013 wage negotiations took place with the Chamber's usual negotiating parties; the NUM, Solidarity and UASA.[2]

Platinum sector

Following the upheavals in the platinum sector during the latter part of 2012 it was agreed to embark on a facilitated process to bring stability to the sector, and also to investigate the feasibility of centralised bargaining for the platinum companies and the unions. A Plenary, a Stability Working Group and a Centralised Working Group were duly established.

The Stability Working Group agreed that the Framework Agreement on Peace and Stability in the Mining Industry which had been signed in February 2013 would be the key instrument on peace and stability in the platinum sector. It thus gave consideration to designing implementation structures to promote and ensure implementation of the Framework Agreement.

After due consideration in the Centralised Working Group, all the stakeholders agreed that it would not be feasible for the 2013 wage negotiations to take place on a centralised basis and that they should rather be conducted at company level. However, it was further agreed that the Working Group might be reconvened after the wage negotiations to continue its work to develop a central level structure for future negotiations in Platinum.

In addition to its involvement in the above activities, IRS was also tasked with giving industrial relations focused input into the Chamber's two affidavits on the various issues on which the Farlam Commission of Inquiry had asked it to respond and which were submitted to the Commission on 22 April 2013.

Implementation of Previous Wage Agreements

Sindisa Gold

In 2011 employers and unions in the gold mining industry agreed as part of the wage agreement to co-design new working arrangements aimed at more effective utilisation of the mining assets. The NUM, Solidarity, UASA – The Union and the Chamber of Mines established a task team, which has met several times under the guidance of an independent facilitator. The parties have a common understanding that asset utilisation in the South African gold mining industry must be optimised in light of declining levels of production and mineable ore reserves, which pose a threat to the survival of some mines, reduce employment opportunities and discourage investment in the sector.

As part of its remit, the task team was charged with examining appropriate local and international best practice. To this end, the task team visited Burnstone Mine in June 2012 and was briefed on some innovative working arrangements that

[2]*Only one plenary session with the unions had taken place at the time of writing*

had been put in place at this operation. A study tour to Brazil was also undertaken in January 2013 with site visits taking place at AngloGold Ashanti's Cuiaba Mine and Votorantim Metais' Vazante Zinc Mine. Some valuable lessons were learnt from these experiences about asset optimisation and ways in which to increase production, while still taking cognisance of human and social issues.

The Sindisa Gold initiative is ongoing.

Museum and Monuments

The first mining monument, located on the corner of Sauer and Main Streets in Marshalltown, was unveiled on 7 May 2013. The virtual mining museum continues to be augmented.

Personal Protective Equipment (PPE) for Women

Having been unable to agree as to whether or not underwear for female employees could be considered to be PPE, the parties jointly submitted a request to the Mine Health and Safety Council (MHSC) for research on the subject. The MHSC acceded to this request, but with a slightly broader scope, and commissioned UNISA to conduct the investigation. The final research report was released towards the end of 2012. The main recommendations stemming from the research are as follows:

- A recommendation to set minimum standards for providing undergarments for women workers;
- A requirement to set minimum standards for compliance with the provision of PPE for women in mining to be developed as a primary output; and
- A recommendation that since the industry does not currently design PPE for women in mining, an additional study to facilitate the design of such PPE could be beneficial.

The MHSC hosted a workshop on the research findings in January 2013 and is now undertaking further work on the subject in accordance with the workshop outcomes.

Recognition of Prior Learning

A Task Team specifically to deal with the recognition of prior learning (RPL) met on a number of occasions during the period under review. The Task Team received a presentation from the Mining Qualification Authority (MQA) which briefed members on the MQAs RPL Framework and its seven-step implementation process. Representatives of the Chamber and the unions also visited the Exxaro Grovos Training Centre in Lephalele to view the training facilities and also to be briefed on the way in which the Training Centre implements the MQAs seven-step process.

An investigation was undertaken into the RPL policy framework, particularly the work done on the subject by the South African Qualifications Authority, the Artisan and Technician Technical Task Team and the SETA Artisan Development sub-Committee. A report on the work of the Task Team has been prepared and is currently before the parties.

Bargaining Council for the Mining Industry

Given the events of 2012, the discussions on the bargaining council were not a major focus and a constitution for the bargaining council has not yet been finalised. Now that a more stable environment prevails in the industry, the issue of the bargaining council has re-surfaced and will again become a matter for consideration.

COMMUNITY DEVELOPMENT

The Chamber and the CEOs of some of the coal companies took part in the Mpumalanga Mining LeKgotla which was held in November 2012. The stakeholders who attended the Mining Summit included representatives of the Department of Mineral Resources, COGTA, the Mpumalanga Provincial Government, relevant municipalities, community organisations and traditional leaders.

The stakeholders signed a Mining LeKgotla Pledge wherein they agreed on the following four key areas of focus and the processes to address them:

- Human capital development;
- Enterprise development;
- Urban renewal; and
- Sustainable development and the environment.

The Coal Producers Community Development Forum finalised a Charter encapsulating key principles that will inform the approach to collaborative community development. This Charter has been sent to the Chamber's Collieries' Committee with a request that the Chairperson of SACMA sign it on behalf of the participating collieries. The Charter is based on the four key areas identified in the Pledge.

The participating companies have identified a number of projects for collaboration and are working on the implementation details.

Special Presidential Package to Respond to Economic Challenges

The Chamber is a key role player in one of the aspects of the Special Presidential Package to respond to Economic Challenges which deals with improving the housing and living conditions of mineworkers and mine communities. Responsibility for this aspect has been accorded to the Department of Mineral Resources. The Special Presidential Package is an initiative that was initiated by the country's President, Mr Jacob Zuma, in response to the challenges resulting from the labour relations situation that prevailed from the second half of 2012, as well as the global economic meltdown.

The social partners developed proposed interventions to address the critical issues that were identified as requiring urgent attention. A task team, comprising the Chamber, the Department of Mineral Resources and organised labour was established and identified and prioritised eight mining towns for intervention. The following key stakeholders are also involved in the initiative:

- Department of Human Settlement;
- Department of Co-operative Governance and Traditional Affairs;
- Municipalities in the identified mining towns; and
- The Department of Economic Affairs.

The work of the task team is ongoing and consultations are taking place with the relevant municipalities and mining companies so as to identify housing projects that can be implemented.

Other IRS Initiatives

IRS has also been involved in processes and initiatives relating to:

- Ways in which to control and manage employee indebtedness and increase financial literacy amongst mineworkers;
- Corporate work permits;
- The taxation of workers from Mozambique;
- Youth development;
- The amendments to the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act;
- The Employment Services Bill;
- Amendments to the Compensation for Occupational Injuries and Diseases Act;

- Amendments to the Broad-Based Black Economic Employment Act; and
- The National Youth Employment Accord.

Business Unity South Africa (BUSA) and NEDLAC

IRS has continued to be involved in both the BUSA and NEDLAC structures. Representatives from IRS serve on the BUSA Standing Committee on Transformation and the Standing Committee on Social Policy. IRS is also represented on the NEDLAC Labour Market Chamber.

Assistance to Chamber Members

IRS administers the Chamber's Labour Policy Committee (LPC). This structure comprises senior industrial relations and human resources managers nominated by the companies across all the commodities, and also representatives of the mining contracting companies that are members of the Chamber. It meets monthly to discuss labour-related policies and issues broadly and also industrial relations issues that have significant impact on the mining industry. Where required, the collective positions developed by IRS and mandated by the LPC are fed into national debates, either by the Chamber itself or through BUSA. The LPC has a number of specialist sub-committees dealing with issues such as retirement and social security.

SAFETY AND SUSTAINABLE DEVELOPMENT

Safety Performance

In 2012, there were 112 mine deaths in the South African mine operations. This amounts to a 9% reduction when compared to the 2011 figure of 123 fatalities. The Chamber mourns the loss of these lives and regrets the grief it causes to the families left behind. The Chamber notes the 9% improvement in fatalities and will renew its efforts to ensure that each mine worker returns home unharmed every day.

The industry has reduced the fatality frequency rate by 66% against the milestone reduction of 90% since 2003 when the 2013 health and safety targets and milestones were agreed to. The Chamber acknowledges the challenge that lies ahead in achieving the 2013 milestones on health and safety and has augmented its efforts to improve the industry safety performance.

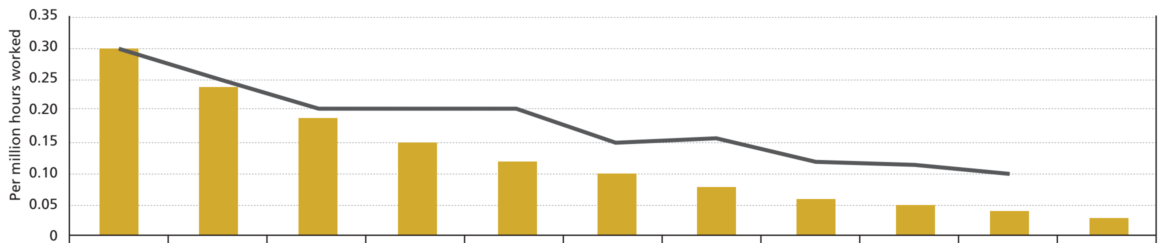
"This amounts to a 9% reduction when compared to the 2011 figure of 123 fatalities"

The graphs below show the performance of gold and non-gold sectors against the milestones. The graphs clearly show that all the commodities still fell short of the 2013 milestones in 2012. The gold sector has reduced its fatality rate by 53% and the non-gold sector by 69%. The Chamber remains committed to ensuring zero harm in the workplace. A number of initiatives have been introduced to attain the industry's zero harm aspiration as explained in the remainder of this section.

2013 Milestones Analysis Report

2013 is the year that the Chamber and other tripartite stakeholders will analyse whether we achieved the occupational health and safety (OHS) milestones that we agreed to in 2003 with Organised Labour and Government. Following on from the piloted tripartite coal sector milestones analysis report presented at the 2013 CoalSafe Conference, good progress is being made for an industry milestones analysis report to be presented at the 2013 MineSafe Conference.

FIGURE 7 Industry fatality frequency rate versus milestones



	2003	2004	2005	2006	2007	2008	2009	2010	2011	*2012	*2013
Industry milestones	0.30	0.24	0.19	0.15	0.12	0.10	0.08	0.06	0.05	0.04	0.03
Actual industry	0.30	0.26	0.20	0.20	0.20	0.15	0.16	0.12	0.11	0.10	

*Source: Department of Mineral Resources (*2012 provisional)*

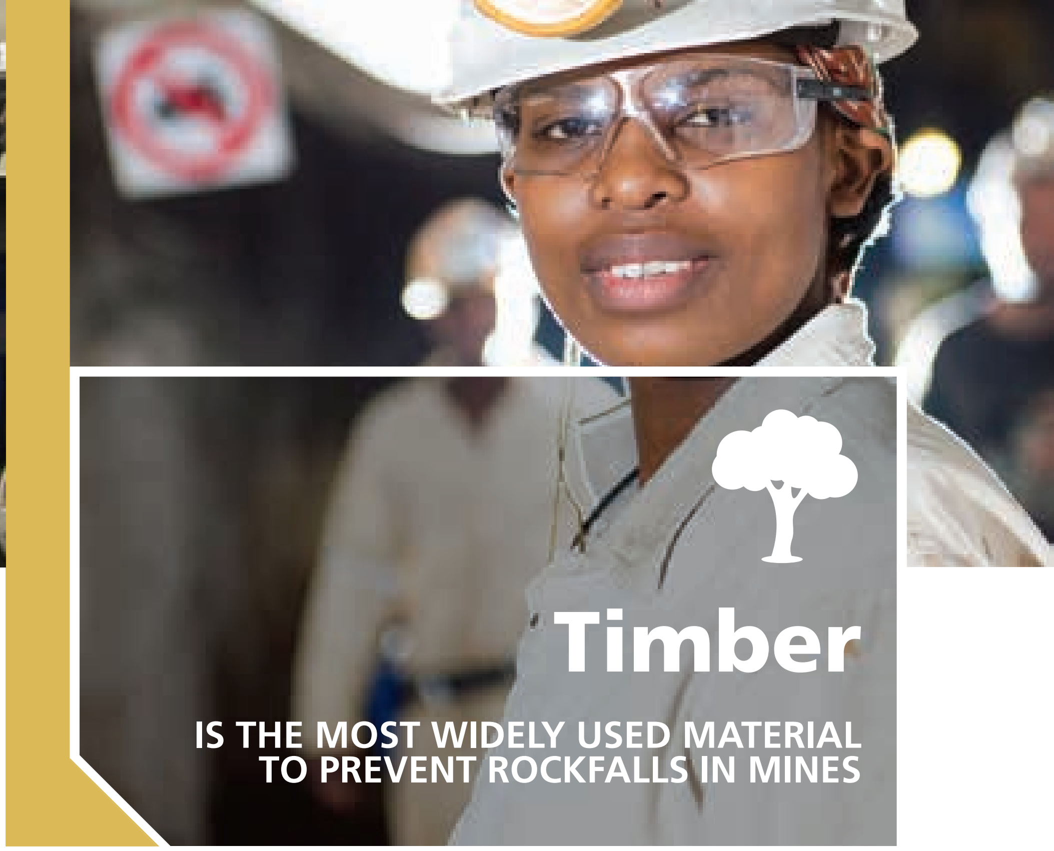
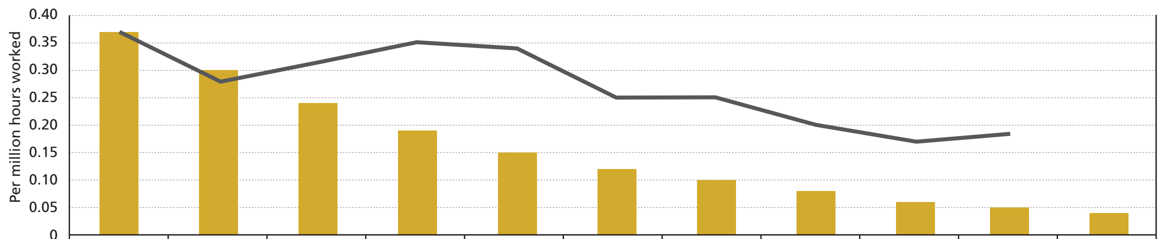


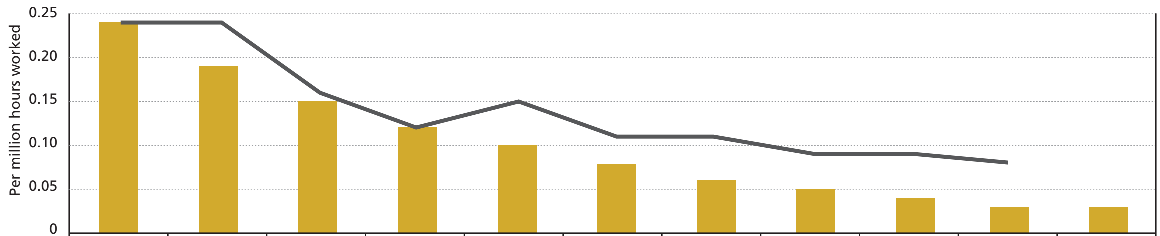
FIGURE 8 Gold fatality frequency rate versus milestones



	2003	2004	2005	2006	2007	2008	2009	2010	2011	*2012	*2013
Gold milestones	0.37	0.30	0.24	0.19	0.15	0.12	0.10	0.08	0.06	0.05	0.04
Actual gold	0.37	0.28	0.31	0.35	0.34	0.25	0.25	0.20	0.17	0.18	

*Source: Department of Mineral Resources (*2012 provisional)*

FIGURE 9 Non-gold fatality frequency rate versus milestones



	2003	2004	2005	2006	2007	2008	2009	2010	2011	*2012	*2013
Non-gold milestones	0.24	0.19	0.15	0.12	0.10	0.08	0.06	0.05	0.04	0.03	0.03
Actual non-gold	0.24	0.24	0.16	0.12	0.15	0.11	0.11	0.09	0.09	0.08	

*Source: Department of Mineral Resources (*2012 provisional)*

SAFETY AND SUSTAINABLE DEVELOPMENT (CONTINUED)

The Mining Charter

The year under review was the second time that mining companies used the Chamber's Mining Charter guidance document to prepare their Charter reports. The guidance document was prepared to assist companies in the interpretation of the OHS Mining Charter expectations given the recent introduction of health and safety requirements into the Charter. Over and above developing the guidance document, the Chamber supported companies by establishing a help-line that companies could contact to assist in the reporting. In addition, the Chamber had meetings with the individual companies and their teams to explain the guidance document.

A total of 37 companies submitted their reports to the Chamber. The report reflects 84% of the industry as measured by number of employees at work. The table below shows the aggregate industry results on the various health and safety Charter requirements:

Charter Element	2011	Target 2012	2012 actual performance	Actual performance against target
7.1 Implement Culture Transformation Framework	N/App	50% implementation	61% implementation	100%
7.2 Train 8% of employees as OHS Reps	2% (MQA)=100%	4% of employees	4.5%	100%
7.3 Investigate Leading Practices from MOSH Learning Hub	95%	100%	97%	97%
7.4 Investigate R&D from Mine Health and Safety Council	88%	100%	94%	94%
7.5 Occupational Health Reporting	98%	100%	99%	99%
7.6 Adherence on HIV/AIDS and TB guidelines	94%	100%	99%	99%
Average	95%	100%		98%

The table above shows that the industry improved on all elements when compared to the previous reporting period and achieved 98% of its targets on health and safety.

The quality of the reports improved significantly by 24% from the last reporting period to 72%. The quality of the reports was further improved as necessary. Any errors that were identified were corrected through engagements with the reporting companies to discuss the nature of the errors. The Chamber maintains records of such engagements.

The table below shows an overview of the industry's further plans to deliver on the Mining Charter commitments:

Charter Element	Industry Performance: Yes/No and Valid Reason (Represented by % of employees) 2011	Industry Performance: Yes/No and Valid Reason (Represented by % of employees) 2012	Industry Performance (Represented by % of Employees for which Reports were Submitted)
2. OHS Reps: Plans for 8% of employees (40 000 for industry) trained by	2014	72% (plans to train 28 222 employees only. This figure includes those that have already been trained)	75% (plans to train 33 751 employees. This figure includes those that have already been trained)
3.1 Leading Practices (LPs): TARP		82%	96%
3.2 LPs: Proximity Detection Systems	79%	80%	94%
4.1 R&D: Evaluation of Shotcrete Performance		68%	80%
4.2 R&D: Minimising Seismicity in the Platinum Mines		80%	94%
4.3 R&D: FOG Technology Transfer		61%	72%
5. Occupational Health Reports Submitted	82%	82%	96%
6.1 HIV/AIDS/TB Signed Policies	71%	81%	95%
6.2 TB Reviews	78%	72%	85%
6.3 Report on HCT Update	80%	74%	87%

The reporting process enabled a number of positive developments in the industry. These include increased awareness of the MOSH leading practices and the Mine Health and Safety Council research. The industry not only adopted the leading practices and research, but for the first time, the progress on the adoption of both the leading practices and research outcomes could be quantified. The table alongside shows the industry progress on the adoption of leading practices that were promoted in the previous reporting periods.

Monitoring Indicator: Entry Examination and Making Safe (FOG) (Information representing 82% of the industry)	Industry progress
1. Training of crews on the Entry Examination and Making Safe Leading Practice	7 392
2. Total number of crews trained	6 913
3. Total number of crews that complied 100% to the leading practice standard during the last inspection in 2012	6 179
4. Industry progress on Training of the Crews	94%
5. Industry progress on 100% compliance to the leading practice standard	89%
Monitoring Indicator: Netting with Bolting (FOG) (Information representing 81% of the industry)	**Industry progress**
6. Total number of working places in which nets should be installed	6 729
7. Total number of working places in which nets have been installed	5 398
8. Total number of working places that complied 100% to the leading practice standard during the last inspection in 2012	4 899
9. Industry progress on installation of nets	80%
10. Industry progress on 100% compliance to the leading practice standard	91%
Monitoring Indicator: Proximity Detection System (T&M) (Information representing 61% of the industry)	**Industry progress**
11. Number of units required	6 079
12. Number of units installed	4 211
13. Total number of units that complied 100% to the leading practice standard during the last inspection in 2012	3 924
14. Industry progress on installation of required number of units	69%
15. Industry progress on 100% compliance to leading practice standard	93%

SAFETY AND SUSTAINABLE DEVELOPMENT (CONTINUED)

Although the Proximity Detection Systems (PDS) leading practice had not been completed for promotion in the last reporting period, the Chamber had recommended that companies investigate it pro-actively. The industry experienced challenges in the adoption of the PDS leading practice. These related to the interpretation of the leading practice functionalities and technical challenges relating to the maturity of the technology. The Chamber is ensuring that the challenges are addressed in order to improve the adoption of this leading practice.

Transforming the Industry OHS Culture

The Culture Transformation Framework (CTF) was developed and approved by the Minister of Mineral Resources and other stakeholder principals at the Tripartite Health and Safety Summit on 18 November 2011. The CTF consists of five prioritised pillars including leadership, accident investigation systems, production bonuses, leading practice adoption systems and elimination of discrimination.

Following on from the findings of the gap analysis reports submitted to the Chamber on 18 May 2012, the mining companies have drafted action plans to address the gaps identified on their gap analysis report. The Chamber conducted a baseline study to verify the accuracy of the 2012 CTF gap analysis reports with companies that form part of the CEO Elimination of Fatalities Team. The MHSC will also be conducting a verification study of CTF gap analysis reports. Once completed, the findings of these studies will help us in understanding the reasons for deviations and map the way forward. The Chamber also analysed the CTF section of the 2012 Mining Charter Reports. This analysis enhances the industry's understanding of the existing gaps across the five prioritised pillars of the CTF.

In the light of the challenges relating to bonus and performance incentive schemes (Pillar 3 of the CTF), the Chamber has arranged a number of meetings to share experiences and assist each other to address the key challenges relating to the incorporation of leading health and safety indicators in bonuses.

Health and Safety Leadership Assessment

In 2012, the health and safety leadership assessment tool developed by the Chamber was piloted by the heads of South African operations. The annual health and safety leadership assessment relates to minimum standard (a) of Pillar 1 of the CTF which is part of the health and safety provisions of the Mining Charter – i.e. an annual performance assessment of our zero harm leadership that evaluates whether we do what we committed to do in the 2008 Tripartite Action Plan on Health and Safety.

The Chamber developed a template for the mining companies to provide their feedback on the piloted leadership assessment tool. The mining companies were requested to provide and submit their feedback reports to the Chamber of Mines on their experiences of completing the 2012 leadership assessment tool.

The companies were asked to provide a feedback report (without ratings) on the completion of the leadership assessment tool by their heads of South African Operations and others they selected to do so. The mining companies were asked to provide feedback on the following five areas, i.e. confidentiality, involvement of immediate supervisor and other members of assessment groups, the effectiveness, value of the leadership assessment and recommendations on further roll-out throughout the industry. Furthermore, the mining companies were asked to indicate in the feedback report how they found the assessment indicating: (a) what worked well; (b) what were the problems experienced and (c) the recommendations to deal with problems.

Twenty-four mining companies representing 67% of the industry workforce submitted their piloted health and safety leadership assessment feedback reports to the Chamber. This signals significant support of the leadership assessment by the mining companies and the importance of health and safety leadership in general. Subsequently, the Chamber reviewed and consolidated all the 24 feedback reports from the mining companies into an industry report.

The table on the next page provides a summary of the industry feedback report on the piloted health and safety leadership assessment tool. This report highlights the following:

(a) Two-thirds (67%) of companies piloted the leadership assessment tool (LAT).

(b) 91% found it valuable.

(c) There were only a few problems regarding confidentiality of the assessment tool.

(d) Problems relating to the involvement of supervisor and other members of the assessment group could be addressed by guidance.

(e) Most problems have to do with the leadership assessment tool.

Summary of industry feedback report on the piloted leadership assessment tool (LAT) – with industry employee-weighted averages

CTF Pillars and Minimum Standards	Yes	No
1. Confidentiality		
(a) Worked well	99%	1%
(b) Problems	41%	59%
(c) Recommendations	50%	50%
2. Involvement of supervisor and other assessment groups		
(a) Worked well	100%	0%
(b) Problems	47%	53%
(c) Recommendations	50%	50%
3. Effectiveness of LAT		
(a) Worked well	66%	34%
(b) Problems	40%	60%
(c) Recommendations	60%	40%
4. Value of LAT		
(a) Worked well	91%	9%
(b) Problems	8%	92%
(c) Recommendations	33%	67%
5. Further roll-out		
(a) Recommendations	28%	72%

Following on from the piloting of the health and safety leadership assessment tool to heads of South African operations, arrangements are underway to ensure the 2013 roll-out of the leadership assessment tool to E-Band management (including all 3.1 appointees, Exco teams that report to the heads of South African operations and managers in Office).

CEO Elimination of Fatalities Task Team

To further emphasise the importance of health and safety leadership, the Chamber established a CEO Elimination of Fatalities Team. In this initiative chief executives of mining companies regularly meet to share experiences and assist each other in addressing key challenges relevant to the elimination of fatalities. The objectives of the team are to:

(a) Develop a model for industry leadership at CEO level.

(b) Model leadership behaviours to demonstrate commitment and expectations.

(c) Share experiences and help each other deal with and solve key challenges.

(d) Establish working protocols with industry stakeholders and community.

(e) Monitor and agree adjustments to industry models to suit needs.

The CEOs decided to focus on falls of ground accidents as their first priority since this is the biggest contributor to fatalities. During 2012, participants in the team reduced their fatalities by 50% from 32 to 16.

Capacity Building

At the tripartite health and safety summit of 2008, the industry made a commitment to train 40 000 employees (including shop stewards) on the 10-day Mining Qualifications Authority accredited health and safety representatives course by the end of 2014. The mining companies' Mining Charter reports show that a total of 22 513 employees had already been trained between the period 1 January 2009 and 31 December 2012. In the last reporting period, the industry had trained 14 769 employees between 1 January 2009 and 31 December 2011. This meant that, on average, 4 923 employees were trained annually. The Chamber emphasised to companies the need to bolster their efforts in order to ensure that the target of 40 000 is achieved. Mining companies accordingly put plans in place to fast track the pace of training. In 2012 the industry efforts paid off in that a total of 7 630 employees were trained.

The need to improve the quality of the training remains one of the Chamber's main priorities. It is critical that the training has a positive impact on the workplace health and safety performance. A study is being commissioned through the Mine Health and Safety Council to improve the quality of this training.

It is envisaged that the multi-million Rand MQA supported project to develop learning material for training of Rock Engineers will be completed in the near future. To date the material for Papers 1 and 2 have been completed. Paper 3.1 is in the process of being edited. Paper 1 was successfully used to pilot the full-time training of Rock Engineers. Subsequently arrangements were made to offer full time training courses on both Papers 1 and 2 to Rock Engineers. This progress is noteworthy given that, for the first time, universities in the country could access the learning material for Rock Engineering training. The full-time training led to significant improvements in pass rates.

Research and Development

The industry continues to invest in research into health and safety through the Mine Health and Safety Council. The MHSC funds approximately R40 million annually on fundamental research, applied research and technology transfer.

The Mining Charter was a major influence in the adoption of the research. To meet the expectations of the Mining Charter, companies had to investigate the research that was completed during 2011, for adoption by the company. The Chamber put mechanisms in place to better involve mining companies in the research process to enable widespread adoption thereof.

There was one Mine Health and Safety Council research project that mining companies had to adopt the outcomes of in the previous reporting period. The research related to "A risk-based approach to enhancing support systems in the underground Bushveld Complex mines". For the first time in the history of the South African mining industry there was collective adoption of the MHSC research by mining companies through the support of the MHSC. The table on the next page shows the considerable

SAFETY AND SUSTAINABLE DEVELOPMENT (CONTINUED)

progress made in the first phase of the adoption of the outcomes for this research.

Although falls of ground, rockfalls and seismicity, continue to be the main contributors to causes of fatalities in the industry, there has been a recent increase in the transport and machinery-related fatalities. Due to this fact, research on the PDS technology has been included in the MHSC research programme. The inclusion of research on the transport and machinery will not divert the industry's focus on falls of ground, rockfalls and seismicity. Three safety-related projects that were completed in 2012 for the Mining Charter investigation purposes were all rock related and the industry will similarly investigate the outcomes of these projects for adoption.

The project on the establishment of the Centre of Excellence through the Mine Health and Safety Council is at its last stages. As per the high-level tripartite agreement on the Centre, a stakeholder study tour has been completed and recommendations on a suitable model for the establishment of the Centre are being prepared. The Centre is aimed at conducting world-class research, building research capacity and facilitating the implementation of research outcomes for the mining sector.

Sustainable Development

In the 2010 MIGDETT Stakeholders' Declaration, stakeholders agreed that a Mining Vision 2030 that is aligned with sustainable development principles should be developed.

The Chamber commissioned the Centre for Sustainability in Mining and Industry to do work in preparation for broader consultation on these matters. The Centre completed their report and the recommendations will be considered in deliberations about the long-term future of the industry.

Phase 1

Monitoring Indicator: SIM060201 Track B: A Risk-based approach to enhancing support systems in Bushveld Complex Underground Mines (Information provided by 97% of the industry)	Industry progress
1. Number of Rock Engineering Practitioners who should have been trained on Jblock and RiskEval software	45
2. Number of Rock Engineering Practitioners who have been trained on JBlock and RiskEval software	45
Industry progress	100%
3. Number of shafts which should have completed data collection	20
4. Number of shafts which have completed data collection	17
Industry progress	85%
5. Has a review of underground mapping and input parameters for JBlock and risk evaluation been undertaken at one shaft per participating mine? (Yes/No)	Yes =100%
6. Number of shafts at which a review of support designs developed using JBlock and RiskEval should have been conducted	20
7. Number of shafts at which a review of support designs developed using JBlock and RiskEval has been conducted	20
Industry progress	100%

MOST INCOME OF THE MINING SECTOR IS SPENT LOCALLY

R289 billion

WAS SPENT ON INPUT COSTS (TIMBER, STEEL, EXPLOSIVES, WATER, ELECTRICITY, TRANSPORT, ETC.)

HEALTH

In the past year the Chamber's Health Department focused on TB, HIV and silicosis, implementation of the Mine Health and Safety Council (MHSC) Summit Action plans and improvements to compensation for mineworkers.

Occupational Health statistics

The Department of Mineral Resources (DMR) releases occupational health statistics in its DMR Inspectorate Annual Report. The statistics for 2011 were derived from hygiene measurements taken by companies and annual medical reports submitted to the department. Below are extracts from the report.

Occupational hygiene measurements

The report states that overexposure to occupational hygiene stressors remains a challenge in respect of airborne pollutants (dust-bearing silica) and noise. There was an improvement of 4.42% for the current reporting period towards the achievement of the 95% compliance target (milestone) set in 2003 on the silica exposures but the milestone has still not been reached (Figure 10). General overexposure to airborne pollutants remained high at 27.5% of overexposures in the A and B classification bands.

The statistics from the DMR are not in line with reports from Chamber members, which show a significant decline in dust measurements and this discrepancy is being explored with the department.

Noise measurements showed both A and B classification bands at 84% above the OEL.

Exposure classification band:

Heg A = Exposures ≥ 105

Heg B = Exposures 85 ≤ 105

Heg C = Exposures ≤ 82

The DMR currently does not report directly on the milestone, which is the total noise emitted by all machinery should be less than 110dB (A), but from the overexposures shown in Figure 11 it is clear that overexposure persists and the industry is thus not reaching the milestone.

Occupational medicine statistics

Six hundred and twenty nine (629) annual medical reports were received in 2011 compared to 564 in 2010. This indicates better compliance with submission of annual reports, which is commendable.

FIGURE 10 Achievement towards the milestone on respirable crystalline silica

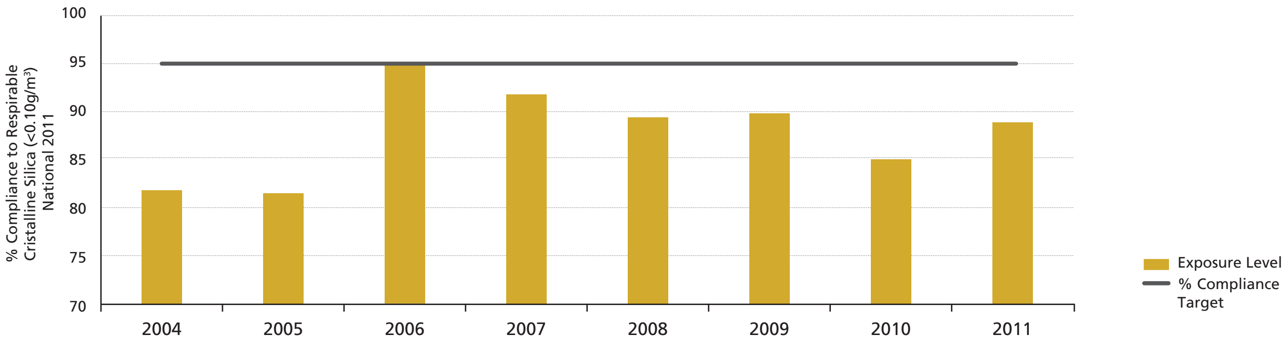
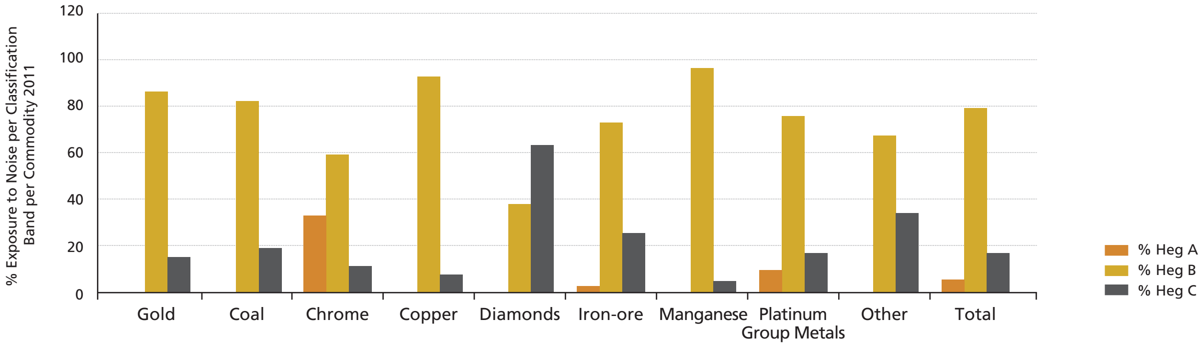


FIGURE 11 Percentage exposure to noise per classification band per commodity



The report covers a total of 580 584 employees (485 174 employees in 2010).

The table alongside shows that a total of 6 387 occupational diseases were reported, with the highest number being TB (3 048), followed by silicosis and noise induced hearing loss (NIHL) at 1 286 and 1 201, respectively.

Compared to 2010, there was a significant decrease in the number of silicosis and TB cases (1 742 and 4 452, respectively), while there was a slight decrease in NIHL (1 212).

The decline in the number of cases of occupational diseases is a good development and it is hoped that this trend will be continue going forward.

Occupational diseases per commodity for 2011

Occupational Diseases	Commodity					
	Gold	Coal	Platinum	Diamond	Other Mines	Total
Silicosis (Sil)	1 095	2	129	0	60	1 286
Pulmonary Tuberculosis (PTB)	1 696	249	1 005	6	92	3 048
Silico-Tuberculosis (Sil+TB)	553	0	0	0	2	555
Noise Induced Hearing Loss (NIHL)	560	158	367	11	105	1 201
Coal Workers Pneumoconiosis (CWP)	0	87	2	0	1	90
Asbestosis (Asb)	0	87	2	0	1	90
Other Diseases	145	22	13	3	14	197
Total	4 051	521	1 517	20	278	6 387

HEALTH (CONTINUED)

Tuberculosis, HIV/AIDS and Silicosis

Much work has been done on TB, HIV and Silicosis with rates of TB showing a decline as the HIV epidemic is declining in the country. Major work done was on TB reviews, the SADC Declaration on TB in the Mining Industry and implementation of the TB, HIV and Silicosis Summit Action Plan.

TB Reviews in the platinum industry – 2012

The Chamber of Mines has committed itself to conducting external TB reviews annually among its member companies. This commitment has been upheld since 2010 and reports on the reviews are submitted annually to both Ministers of the Department of Mineral Resources (DMR) and National Department of Health (NDOH). These reviews remain an indicator of progress made in improving the management of TB in the mining sector.

The 2012 TB reviews were on the platinum sector and similarly to the 2011 reviews, were achieved through the engagement of an external and independent auditing company with the participation of the NDOH, DMR, employee representatives at mine sites and the National Institute for Occupational Health (NIOH). In all the occasions, the participation of the stakeholders has proven to be critical in the success of these audits.

The reviews were conducted on the four biggest platinum companies which account for around 36% of employees in the mining industry and 99% of employees in the platinum commodity. The auditing company produced a report on the four platinum companies: Anglo American Platinum, Impala Platinum, Lonmin Platinum and Royal Bafokeng and the report is available on the Chamber website.

Key findings

The review found that the TB programmes in platinum mining companies were generally good with TB Policies in place and strong relationships with local Department of Health (DoH) authorities. Employee representation in TB policy formulation and adoption remained a challenge as was the management of contract workers. Clinical staff, at the audited companies, was found to be competently skilled in the management of TB, as evidenced by the high smear conversion rates and treatment outcomes, and low defaulter and death rates. The high burden of TB disease in the platinum sector remained a challenge.

- Overall treatment outcome: 2010 outcomes studied:

Treatment outcomes

Gold	New cases	Retreat-ment cases
Completed	4.1%	5.4%
Cured	83.7%	84.2%
Treatment Success (smear positives)	87.8%	90.1%
Defaulted	5.3%	3.3%
Died	2.3%	2.2%
Failed	1.2%	2.2%

- Areas of concern were:
  - Very limited involvement of employee representatives in policy formulation.
  - No formalisation of relationship with local DoH.
  - Infection control does not include separation of coughing patients in queues.
  - Only 47% of patients with cough for more than two weeks (or no duration recorded) were investigated for TB.
- Recommendations made in the report include:
  - Improving employee representation in the development and adoption of TB policies;

- Strengthening and monitoring of policies with regard to the management of contract workers and patients who are transferred out;
- Improving the referral and follow-up of contract workers and individuals coming for pre-employment medical surveillance;
- Implementation of the cough questionnaire, including recording the duration and type of cough on all patients that present with a history of cough; and
- Strengthening the co-ordination and structure of the mortality meetings to review NIOH post-mortem reports. Consideration to be given to train clinicians on the use of the Process-based Performance Review system.

These recommendations were reviewed and accepted by the Chamber of Mines Health Policy Committee and the Chamber Council for implementation by the industry.

Leading practices identified during the reviews will be taken forward through a Mine Health and Safety Council initiative that has allocated R2 million for identification and promotion of leading practices in TB management.

SADC Declaration on TB in the Mining Industry

The declaration was signed by the SADC Heads of State and Government in August 2012. It re-affirms the commitment to the eventual elimination of TB in the region and the improvement of practices and standards of environmental, health and safety in the mining sector of the region, as a way of addressing TB in the mining sector. It has the following priority areas requiring urgent attention and action:

- Strengthening accountability, co-ordination and collaboration for TB, HIV, Silicosis and other occupational respiratory diseases:
- Promoting a supportive policy and legislative environment for TB, HIV, Silicosis and other occupational respiratory diseases;
- Strengthening programmatic interventions for TB, HIV, Silicosis and other occupational respiratory diseases;
- Strengthening disease surveillance system for TB, HIV, Silicosis and other occupational respiratory diseases;
- Strengthening programme monitoring and evaluation (M&E); and
- Strengthening financing of TB, HIV, Silicosis and other occupational respiratory disease interventions.

As a response to the declaration, the industry has developed a strategic framework to guide its response. The framework outlines the following:

- The rationale for the industry playing a leading role in the implementation of the declaration;
- An analysis of current tripartite TB, HIV and Silicosis initiatives versus the declaration and highlighting gaps;
- Priority areas of action for the industry;
- An employer approach;
- Institutional and governance mechanisms; and
- Reporting and funding arrangements.

The framework guides the industry in all its interactions relating to the declaration.

The Chamber and its members collaborate with the NDOH and provinces such as the Gauteng province on issues of common interest with regard to TB and HIV prevention and management. Currently, the collaborative opportunities focus on intensifying TB case finding in the peri-mining communities as part of strengthening public health systems. Plans are also underway to roll out the electronic TB register (ETR) to all mines.

Mine Health and Safety Council

The MHSC is a tripartite structure established as per the provisions in the MHSA. It has the following committees on which employer representatives serve:

(a) Mining Industry Occupational Health Advisory Committee (MOHAC);

(b) Mining industry TB and HIV Advisory Committee (MITHAC); and

(c) Safety in Mines Research Advisory Committee (SIMRAC).

The following guidelines were finalised and approved by MHSC in 2012/2013:

- Guidance Note for the Management of TB in the South African Mining Industry;
- Minimum Standard of Fitness to Perform Work on a Mine;

HEALTH (CONTINUED)

- Mineworkers Incapacity due to Ill-Health and Injury;
- Compilation for the Mandatory Code of Practice for Risk-Based Emergency Care on a Mine;
- Occupational Health Programme for Noise;
- Prevention of Flammable Gas and Coal Dust Explosions in Colliers;
- Compilation of a Mandatory Code of Practice on the Roles and Responsibilities of Occupational Health Practitioners in a System of Medical Surveillance at a Mine; and
- Guidance Note on Medico-Legal Investigations of Mine Deaths.

The approval of the guidelines was a key success for the industry.

Progress in MITHAC during the past year has improved although a number of projects have not reached the implementation phase. There has been progress made with the appointment of service providers as well as the approval of project proposals by Council on some of the projects.

As agreed in the Summit, an instruction by the Chief Inspector of Mines for companies to report on HIV/AIDS was issued by the DMR in June 2013.

SIMRAC

The following research topics for 2013/2014 were approved SIMRAC and the Mine Health and Safety Council:

(a) Develop a feasible accurate and robust methodology to measure diesel exhaust emissions (DEEs) and diesel particulate matter (DPM) from engine exhaust systems as well as in the general atmosphere of the mining industry.

(b) Determine the feasibility of the proposed strategy to reduce the exposure limits gradually considering the levels of engine technology and type of fuel in use and available currently and over the next five years.

(c) Feasible methodologies to aid escape in poor visibility.

(d) Investigation of natural deaths in the mining industry.

(e) Develop a numerical model that will be able to evaluate the contributions of individual noise mechanisms on a drilling machine and possible attenuation thereof.

(f) What is the impact of antiretroviral drugs and Human Immunodeficiency Virus on the auditory system?

(g) Review of the SIMRAC Handbook for Occupational Health in the SAMI.

Chamber initiatives by Group Environmental Engineers (GEE)

Diesel particulate matter (DPM)

The recent reclassification of DPM as a carcinogenic to humans (Group 1) by the International Agency for Research on Cancer (IARC) needed the GEEs to discuss the occupational health issues related to occupational exposure to DPM and to provide guidance to the industry on the matter.

In view of the above, a task team was formed under the GEEs to develop an industry position paper in order to advise the mining industry on actions to introduce an interim DPM exposure control value and gradually lowering this exposure control value by means of a "phased-in" approach. The position paper was adopted by the MHSC.

Self-contained self-rescuers (SCSRs) position paper

An internal workshop was held in order to discuss the feasibility of extending the useful and viable life of SCSRs beyond 10 years and also to develop an industry position paper on SCSRs. The SCSRs' position paper will be adopted by the mining industry after the MHSC office's workshop on SCSRs in August 2013.

Legislation and guidelines

The GEEs participated and contributed to the following:

(i) Review of the Mine Health and Safety Act, Act 29 of 1996, in terms of Section 12 requirements.

(ii) Review of legislation pertaining to refuge bays.

(iii) Review of the guideline for the compilation of a mandatory code of practice for an occupational health programme (occupational hygiene and medical surveillance) for noise.

(iv) Review of the guideline for the compilation of a mandatory code of practice for the assessment of personal exposure to airborne pollutants.

(v) Review of the terms of reference for the knowledge transfer on the correct interpretation and implementation of the revised Guideline for the Compilation of a Mandatory Code of Practice for the Assessment of Personal Exposure to Airborne Pollutants.

(vi) Review of the Mine Health and Safety Council's occupational health milestone data collection tool.

Mine Environmental Certificate

The Chamber of Mines ventilation and occupational hygiene examination and moderation policy and procedure has been reviewed in order to ensure that any related Mine Environmental qualification/s are assessed fairly and consistently.

The GEEs supported a decision that the Mine Ventilation Society (MVS) and the MQA enter into discussions to develop a collaborative agreement and the MQA apply to become the Assessment Quality Partner (AQP).

MINING IS A MAJOR ENGINE OF
JOB CREATION

IN 2012 MINING BOUGHT IN TRANSPORT
AND STORAGE SERVICES, CREATING

R50 billion

IN GDP AND 80 300 JOBS

ENVIRONMENT POLICY

During the year under review, the mining industry breathed a sigh of relief when government reported that it had put in place an inter-governmental task team that would implement the integrated licensing system aimed at streamlining the process of environmental authorisations to avoid dual regulation by both the Departments of Mineral Resources and Environmental Affairs.

Parallel to the latter streamlining exercise the Department of Mineral Resources (DMR) also introduced in the public domain for discussion the Mineral and Petroleum Resources and Development Act (MPRDA) Draft Amendment Bill, 2012 which contained, *inter alia*, further environmental amendments in support of the integrated licensing system.

The Chamber has also participated in the heightened efforts by government to introduce measures to facilitate the implementation of the National Climate Change Response Policy (NCCRP) since its Cabinet approval in 2012. National departments, such as Department of Environmental Affairs (DEA), Department of Energy (DoE) and National Treasury, all introduced pilot projects and other measures to enable smooth transition to low carbon economy, e.g. financial instruments such the carbon tax, etc.

These programmes are being implemented by the respective departments through multi-stakeholder consultation processes and also in Parliament. Ultimately, South Africa needs to implement its 2009 Copenhagen commitments, as a highest greenhouse gas (GHG) emitter in Africa, to reduce its overall emissions and hence the development of national desired emission reduction scenarios would enable the different sectors within the South African economy to implement GHG reduction measures relative to financial instruments that are currently being proposed.

The Department of Environmental Affairs, through its South African National Biodiversity Initiative (SANBI) in collaboration with the Chamber of Mines through the South African Mining Biodiversity Forum (SAMBF), launched a guideline document on mainstreaming biodiversity issues into mining industries. This was done in Cape Town during May 2013 at an event attended by the Minister of DEA and other role players including the chief executive of the Chamber of Mines. Furthermore, the Chamber of Mines continued to engage with stakeholders from industry, conservation bodies and government, to provide opportunities for co-operation aimed at improving biodiversity conservation, management and performance in the mining industry within the auspices of South African legislative framework and beyond. Some of these policy developments include the development of wetland conservation and management guidelines and the development of biodiversity offset guidelines.

The Chamber is playing an active role in the government programmes aimed at implementing solutions towards the management of acid mine drainage ("AMD") in South Africa. Moreover, the Chamber also serves in the inter-governmental task team that reports to the acid mine drainage inter-ministerial committee (IMC) which was formed to develop short-, medium- and long-term solutions to AMD challenges in the Witwatersrand basin.

The South African Government has been involved in the UN discussions to develop an international instrument for mercury use, control and management within the various industry sectors. The United Nation Environment Programme (UNEP) undertook a global assessment of mercury and, as a consequence, a Global Mercury Assessment report was compiled. It was concluded from this report that there is sufficient evidence of significant global adverse impacts from mercury to warrant further international action to protect human health and the environment from mercury and its compounds. In South Africa the government undertook preliminary national desktop studies within the industrial sector to investigate the prevalence of mercury including in the mining industry and the outcomes revealed that South Africa has high mercury emissions.

The Chamber's interest in this matter is that the South African Government's data on mercury content in gold ores is incorrect. Effort has been made to correct this data through undertaking a scientific investigation to obtain real-time data that would give an accurate picture of mercury content in gold ores. Because the calculations were done based on the US emission factors it is anticipated that an international instrument setting stringent mercury reduction and management protocols will be introduced by the UN during October 2013.

The Chamber of Mines provided the mining industry's view at the 40th international conference of the World Heritage Convention hosted by the Department of Arts and Culture (DAC), in partnership with the African World Heritage Fund (AWHF) and the Unesco World Heritage Centre held at Kopanong Conference Centre in Gauteng in September 2012. This conference brought together high-level decision-makers and representatives from African governments, heritage institutions, local communities and the development sector of Africa. The theme of the conference was "Living with World Heritage in Africa".

The year under review has been marked with tremendous progress in terms of engaging the agriculture sector on issues of mutual concern. These meetings include the Grain SA Congress and the AgriSA conference where both parties agreed to collaborate and find a feasible and amicable way of working to resolve the land competition matter, rehabilitation and overall conflicts on environmental issues.

The Chamber's Environmental department participated in most initiatives that dealt with environmental issues of concern to the mining industry, and provided expert and specialist input to many legislative and policy initiatives undertaken during 2012/2013. The main vehicle for such interaction is the Chamber's Environmental Policy Committee (EPC) which consists of environmental specialists from the mining groups of the Chamber's members. It represents the single most senior environmental management grouping in the mining industry in South Africa.

In addition to engaging government on environmental management policy, environmental sustainability and water issues, the Chamber continues to liaise with a wide range of stakeholders in the mining industry, from community organisations concerned about the environmental impacts of mining, to specialist groups undertaking studies into various aspects of mining environmental management.

Policy, legislation development

The Chamber and the mining industry provide specialist input on environmental matters through their participation on task teams; government project steering committees; Business Unity South Africa (BUSA); NEDLAC; National Business Initiative (NBI); in public hearings of portfolio committees on environmental programmes; non-governmental organisations; academic organisations and in legislative proposals in the National Assembly and the National Council of Provinces.

Mineral and Petroleum Resources and Development Amendment Bill

In December 2012 the Department of Mineral Resources published the draft Mineral and Petroleum Resources Development Bill, 2012, for comment in the *Government Gazette* with the intention of presenting the Bill to Parliament. The publication of this Bill was in spite of the Mineral and Petroleum Resources Development Amendment Act, 2008, having not come into force as was earlier understood. Indeed the latter Amendment Act had environmental authorisation provisions that were amended consequent to a negotiated settlement between the DMR and DEA and critical to the latter transitional arrangements were agreed to for the transfer of functions between the two departments.

The MPRD Amendment Act, 2008, eventually came into force on 7 July 2013 with certain provisions, *inter alia,* dealing with some of the transitional environmental issues, submission of environmental reports by organs of state, etc. excluded. However, the DMR published a notice soon thereafter to correct such unintended exclusions.

Subsequent to the publication of the MPRD Bill, 2012, the Chamber of Mines convened several meetings of the Environmental Policy Committee and Mining Titles Policy Committees.

ENVIRONMENT POLICY (CONTINUED)

The intention of these meetings was to go through the Bill and also to track the extent to which previous submissions to the DMR on the various amendments to the MPRDA had been incorporated in the latest Bill.

Furthermore, the Chamber was also privileged to have several bilateral engagements with DMR in relation to the Bill in question to find amicable wording. Some of the issues the Chamber of Mines raised in the current Bill include, *inter alia*, the need for clarity on the alignment process of the environmental function for mining and related activities, the time period of 18 months for the implementation of the environmental provisions in the MPRD Bill, 2012, which is contrary to the 36 months' transitional arrangements agreed to in the MPRD Amendment Act, 2008, the Bill supposes that the Minister of DMR will be the competent authority in perpetuity contrary to what was contained in the former Amendment Act. It was anticipated that the DMR would do a presentation on the Bill to the Portfolio Committee in August 2013.

Implementation of the National Environmental Management: Air Quality Act

The Department of Environmental Affairs continued to introduce measures that seek to further facilitate the implementation of the National Environmental Management: Air Quality Act, NEM: AQA No. 39 of 2004. A major development of the NEM: AQA was the publication of the Notice by the Minister of her intention to amend the list of activities which result in atmospheric emissions which have or may have a significant detrimental effect on the environment, including health, social conditions, economic conditions, ecological conditions or cultural heritage.

This amendment, mostly affected the platinum and gold sectors within the mining industry and again the Chamber of Mines participated in the public consultation directly with DEA and also through BUSA. The Chamber of Mines went as far as making a presentation to the Portfolio Committee on Water and Environment Affairs in Parliament regarding proposed amendments to industrial emissions. In June 2013 Parliament directed DEA to go back to undertake further consultations with industry regarding the proposed amendments to industry emissions.

Soon after the Parliamentary consultations the mining industry met directly with the department to go through the specific mining industry inputs and suggestions. Furthermore, the mining industry participated in the multi-stakeholder consultation process that took place in the Green Room that further went through the various inputs made by industry, NGOs and other interested and affected parties. Subsequent Parliamentary consultation was scheduled for the department to make a report back on the directive made in the previous Parliamentary consultations.

The department published draft Declaration of Small Boilers as Controlled Emitters in terms of NEM:AQA and this necessitated an SABS multi-stakeholder technical working group engagement process wherein the Chamber of Mines was also represented to oversee the development and setting of emission standards for small boilers. This SABS process culminated in the finalisation of the Draft Declaration Notice and an agreement on the minimum emissions standards for small boilers. The draft emission standards were eventually published for public comment and again the Chamber of Mines had a second opportunity to make inputs and comments regarding the draft emission standards for small boilers.

Implementation of National Environmental Management: Waste Act

The Department of Environmental Affairs (DEA) continued with consultations on proposed norms and standards for remediation of contaminated land and regulations for site assessment reports since the draft publication on 19 March 2012. Since the initial consultations the Chamber of Mines has always argued that the proposed regulations would present the mining industry with challenges in as far as the definition of contaminated land is concerned especially in industrial sites and the extent of soil remediation that will be required within these industrial sites. Furthermore, the mining companies, as provided for in the Mineral and Petroleum Resources Development Act (MPRDA), through their respective environmental management programmes, are required to undertake rehabilitation of their surrounding physical environment and hence these proposed regulations may be double regulation when it comes to the mining industry.

The initially published draft norms and standards were amended due to comments made by, *inter alia*, the Chamber of Mines such as concerns around the content and application of the norms and standards. A subsequent gazette by the Minister of Environmental Affairs was made for further stakeholder consultation until end June 2013. Parallel to the latter publication, the department arranged a multi-stakeholder workshop on the draft norms and standards that the Chamber of Mines attended and the intention was for stakeholders to have a sense of how the current draft norms and standards were amended by the DEA since the March 2012 publication.

Environmental Impact Assessment and Management Strategy for South Africa

The DEA is developing an Environmental Impact Assessment and Management Strategy (EIAMS), in response to the findings of the review of effectiveness and efficiency of South Africa's current Environmental Impact Assessment (EIA) system in 2010. These findings indicated that there are substantial challenges in the current EIA system which should be proactively addressed, to ensure that integrated environmental management (IEM) is achieved. The overarching goal of the EIAMS is, therefore, to significantly improve comprehensive environmental impact management to more effectively enable sustainable development in South Africa.

The project unfolded with the use of consultants to generate 11 sub-theme reports following the process of investigation, stakeholder engagement and specialist study. These 11 sub-theme reports culminated in the drafting of the two final theme reports. The themes of Governance and Administration, and Impacts and Instruments were ultimately combined into a single theme 1 report. The theme comprises five sub-themes, namely: Procedures and Organisational Structures; Compliance and Enforcement; Existing and New Environmental Management Tools; Co-operative Governance and Quality of Tools.

The remaining sub-themes of Capacity, Skills, Knowledge, Transformation and Public Participation form part of theme 2 report. The two final theme reports will be used as the primary information source for developing the Strategy document, which is the next step in the process of formulating the EIAM Strategy.

Chamber of Mines continued to represent the mining industry in both the project steering committee (PSC) and the theme co-ordinating committee (TCC) of the project team. The Chamber has, towards the end of 2012, submitted written comments to the department for consideration on the 11 sub-themes.

The Chamber of Mines went as far as acceding to a call from the Portfolio Committee on Water and Environment Affairs regarding the efficacy of South Africa's EIA regime by submitting written representation. The Chamber was expected to make an oral presentation to the Portfolio Committee on Water and Environment Affairs in Parliament on the efficacy of South Africa's EIA regime on 31 July 2013.

Implementation of the National Climate Change Policy

In pursuit of its commitment to reduce its GHG emissions by 34% and 42% below its "Business As Usual" emissions growth trajectory (by 2020 and 2025, respectively), the South African Government, through its various departments, is continuing to introduce measures that seek to enable the implementation of the National Climate Change Response Policy (NCCRP) and it is also doing so through various consultative processes, e.g. broader stakeholder consultation and targeted consultation platform, e.g. technical working groups (TWG). To date there are two TWGs established, one on Adaptation and the other one on Mitigation.

The Chamber of Mines participates and provides inputs to these committees directly and through BUSA.

With this, several measures are under discussion between government and stakeholders and these include, *inter alia*:

- Monitoring, Evaluation and Reporting

The department is developing a monitoring, reporting and verification system (MRV), which is one of the objectives of the NCCRP. An effective and efficient M&E system is pivotal to improve response measures, strategies and plans as well as improving performance and optimising the transition to low carbon and climate resilience economy. There are plans for a new government-wide M&E system, and the proposed national climate change response monitoring and evaluation IT system and currently this project is only in its first phase.

- Mitigation Options Analysis

A key element in the approach to mitigation under the NCCRP is to define desired emission reduction outcomes for each significant sector and sub-sector of the economy based on an in-depth assessment of the mitigation potential, best available mitigation options, science, evidence and a full assessment of the costs and benefits.

ENVIRONMENT POLICY (CONTINUED)

The Chamber of Mines, on behalf of the mining industry, serves on the technical working group (TWG) that oversees the development of the Mitigations Options Analysis and of importance on this participation is to facilitate communication through, *inter alia*, data requested by DEA and its consultants from the industry.

The initial reporting phase of the project is expected to be around end of July 2013, before it is published for comment.

- **Energy Efficiency Target Monitoring System (EETMS)**

This pilot project by the Department of Energy (DoE) has been completed. In the mining sector, only coal and gold sectors were considered as part of the pilot project. Due to the poor response by industry, including the mining sector, as well as some gaps in the initial report of the pilot project, the TWG proposed that the pilot project be extended.

The Revision of the National Water Resource Strategy

The draft National Water Resource Strategy 2 (NWRS-2) was approved by Cabinet for gazetting for comments on 10 August 2012. The NWRS-2 sets out the strategic direction for water resources management in the country over the next 20 years, this includes the following core objectives that are empirical for water resources management for different developmental activities including the mining industry:

- water supports development and the elimination of poverty and inequality;
- water contributes to the economy and job creation; and
- water is protected, used, developed, conserved, managed and controlled sustainably and equitably.

The Chamber provided a written submission and made an oral presentation at the public hearings on the NWRS-2 hosted by Portfolio Committee on Water and Environment on 24 October 2012 in Parliament. The mining industry has been quite instrumental in the drafting of the NWRS-2 through its participation at various platforms set up to deliberate on the key thrust to be included in the strategy document.

The final NWRS-2, after some considerable delay from the department, has now been published for implementation and it is available through the Department of Water Affairs' (DWA) website.

Classification of Significant Water Resources

The classification of South Africa's water resources is required by the National Water Act, Act 36 of 1998. The year under review has been a highlight year for the Department of Water Affairs to execute this mandate with the overall objective of protecting the water resources. The classification of water resources in the Olifants water management area (WMA) has been conducted in terms of the prescribed steps as outlined in the DWA guidelines (DWA, 2007) as best suited to circumstances and conditions that have prevailed. The study is primarily of a technical nature being guided by a project steering committee that the Chamber of Mines has consistently participated in. The Olifants WMA classification study has progressed steadily over the years. The study process is now in the final stages of Step 6 in terms of the Water Resource Classification System (WRCS) process.

The next and last step will be finalising the recommended management classes for proposal to the Minister of Water Affairs, which will be followed by the gazetting for public comment.

The Chamber actively participates at the project steering committee for the classification of significant water resources for Crocodile/West Marico WMA and the Mokolo and Matlabas catchment of the Limpopo WMA. The study progressed well through the seven-step process of classification guideline with only the last two steps (evaluation of scenarios and gazetting the management class) remaining.

The mining industry, through the Chamber, has made meaningful inputs throughout the process. The Chamber is also involved in deliberations on the implementation and maintenance of the reconciliation strategy for the Crocodile West water supply system through participation at the strategy steering committee (SSC). Mining industry sentiments get raised and entertained in these structures for the betterment of all affected and interested parties. The engagements with the department at various forums during the process of water resources classification for different water management areas has ensured that mining sector-specific concerns were raised at the right times for consideration by the department.

Waste Discharge Charge System

The Chamber of Mines, on behalf of the mining industry and representatives from the mining groups, continues to participate at the reference working group to oversee the development, piloting and the implementation of the waste discharge charge system as envisaged by the Department of Water Affairs (DWA). The WDCS is piloted in the three catchments namely, Upper Crocodile, Upper Olifants and Upper Vaal. To this end, the Chamber made inputs towards the finalisation of the overall strategy and other related strategies such as the Non-point Source Strategy. This input is necessitated through the EPC via the Chamber's representation. The department is planning to roll out full implementation of the WDCS in 2014.

State of Environmental Planning and Management in the Mining Industry

The Chamber of Mines initiated the project of compiling a report on the status of Environmental Planning and Management for South African Mining. This report will provide a broad overview on the current state of affairs in environmental management and planning in the mining industry, thus assisting the Chamber in its advocacy and lobbying functions, as well as its members to make informed decisions on the actions for environmental sustainability in the mining industry.

The mining industry nominated 40 candidate mines across commodities, locations, age(s) of mine, etc. and parallel to this a standard questionnaire was prepared by the consultants and was approved by the Environmental Policy Committee. During site engagements at each of these nominated mines, elected representative(s) at the mines were interviewed by the consultants and a representative of the Chamber of Mines, in some instances with the aid of the latter's standard questionnaire to compile mine-specific reports for the purposes of the project. The project is ongoing and is anticipated to be concluded by the end of 2013.

Environmental Legacies, including Acid Mine Drainage (AMD)

Since the establishment of the IMC and the subsequent report detailing measures to tackle AMD in the Witwatersrand basin, the Chamber has been engaging robustly with the Department of Water Affairs, Department of Mineral Resources and other key stakeholders in trying to establish areas of collaboration in the implementation of measures for AMD management. In this regard the Chamber of Mines and the affected mining companies have participated in the steering committees set up to drive the implementation of the short-, medium- and long-term plans to deal with AMD. In terms of the implementation of a short-term solution, tremendous progress has been made whereby quite a number of measures have been implemented, for example the upgrade of the treatment plant at the Gold One premises in the western basin and the necessary preparatory work to implement measures in the central basin.

The Chamber has also represented the mining industry views in the process of developing the Feasibility Study for a Long-term Solution to address Acid Mine Drainage (AMD) associated with the East, Central and West Rand underground mining basins. The Chamber is continuing to engage the departments on other important aspects of the projects towards a sustainable solution to AMD. One such aspect is looking at the funding model for the long-term solution, apportionment of liabilities, possible partnership between

ENVIRONMENT POLICY (CONTINUED)

government and the industry in addressing legacy issues and the technology options for the treatment of AMD.

Mining and Biodiversity

The Chamber of Mines has collaborated with the government to develop the guideline document on mainstreaming biodiversity into mining and attended the launch of Mining and Biodiversity Guideline by the Department of Environmental Affairs on 22 May 2013 in Cape Town. The purpose of this guideline is to provide mine and government environmental officials with a comprehensive guide on the type and status of South Africa's biodiversity and good management practices relative to biodiversity during all stages of mining to ensure that biodiversity issues are managed appropriately by the mining industry. At the launch the chief executive of the Chamber of Mines pledged the mining industry leadership in fully implementing the principles embedded in the guideline document.

The guideline document has now been signed by both the Ministers of Mineral Resources and Environmental Affairs. This guideline is a testimony of the mining industry's commitment towards biodiversity management and conservation. In response to the latter published notice the mining industry, through the Chamber of Mines, made inputs regarding the proposed BMP-Es and these were submitted to the department in August 2012.

The Minister of Water and Environmental Affairs published a notice of her intention to publish Norms and Standards for Biodiversity Management Plans for Ecosystems (BMP-Es), under section 9 and section 43 of the National Environmental Management: Biodiversity Act, 2004 (Act 10 of 2004).

The notice stipulates that there may be cases in which the BMP-Es would restrict access to certain areas and hence this has the potential to restrict mining in certain areas. The BMP-Es are also meant to allow for integrated management of freshwater systems, however the mining industry views this as a conflict with the mandate of the Department of Water Affairs to manage water resources in terms of the requirements of the NWA.

The Endangered Wildlife Trust (EWT), in collaboration with the University of Pretoria's Gordon Institute of Business Science (GIBS), the South African National Biodiversity Institute Grasslands Programme and the South African Mining and Biodiversity Forum (SAMBF), hosted the third business talk of 2013 on mainstreaming biodiversity into business: a strategic discussion. The theme for this third business talk was: "Mining & Biodiversity: Exploring the Business Value Proposition". The vice president of the Chamber played a very important role in the discussion by centering the debate on the interaction between mining and biodiversity. This included ensuring that business risk is reduced and, in the end, that profitability and the certainty of the business environment is improved by strategically and fully incorporating biodiversity issues into the planning and operations of mines.

Water Conservation and Demand Management in the Mining Industry

As a sign of the mining industry dedication to water use efficiency, conservation and demand management, the mining industry collaborated with the Department of Water Affairs to develop the water conservation and water demand management (WCWDM) target for the mining industry. This project followed the initial initiative undertaken through the partnership between the DWA and the Chamber of Mines to develop and implement the guideline document on WCWDM in the mining industry that was published in December 2011.

This project is being carried out concurrently with the State of Environmental Planning and Management in the Mining Industry project in order to leverage the limited resources and also because there are some synergies between the two projects. The nominated mines in the latter project are also interviewed via the use of a standard questionnaire during the second day of the site visits. These two projects will be concluded around the same time, which is anticipated to be the end of 2013.

Water Sector Leadership Group

During the year under review the Water Sector Leadership Group (WSLG) focused its activities around the review of the National Water Resources Strategy. The Chamber of Mines continued to represent the mining industry at the WSLG, which was established by the Department of Water Affairs. The Chamber is a standing member of the executive committee of the WSLG and its established working groups. The WSLG provides a platform for dialogue, planning, reflection and monitoring of water sector policy, legislation, strategies and programmes towards improving sector performance and directly contributing towards improved co-ordination of planning.

The WSLG also provides recommendations on policies, legislation, programmes and strategies and serves as a forum for stakeholder consultation and involvement. The WSLG was used by the DWA as the conduit to engagement with key stakeholders on the development of the NWRS-2.

Radiation issues in the mining industry

It is ultimately the responsibility of both government and the mining industry to ensure national interests in the broadest way, taking cognisance of the economic, social and environmental

perspective. Hence, it is within this context that the mining industry (through the Chamber of Mines) and the NNR (as the regulator) had continual engagement to discuss issues pertaining to radiation to ensure an integrated and structured way of addressing these challenges. During the year under review, the Chamber engaged the NNR on special case mines, authorisation fees, certificate of authorisation and remediation of the Wonderfonteinspruit. As a result of change in technology and management practices, in parallel to the aforementioned engagement process, the Chamber is in discussion with the certification and accreditation bodies of Radiation Protection Officers (RPOs) and Radiation Protection Specialists (RPS) to bring in line the training, certification and accreditation processes of those individuals.

Water Institute of South Africa, Mine Water Division

Over the years the Chamber has been a standing member of the management committee of the Water Institute (WISA) Mine Water Division (MWD), which is aimed at improving the practice, status and professionalism of water management in the mining industry.

The main objectives of this division include exchange of information, encouraging co-operation between the division and other groups with an interest in mine water, engendering in mine management a proactive approach to mine water problems and challenges, identifying information, technology, research, development and implementation needs.

In 2012, the Chamber participated in most of the programmes and activities of WISA MWD, which included the planning and hosting of a symposium staged in October and a proposal for capacity building for government on mine water management.

International Council for Mining and Metals

The Chamber of Mines is a member of the International Council for Mining and Metals (ICMM), which is aimed at improving sustainable development performance in the mining and metals industry. Member companies have made a public commitment to improve their sustainability performance and are required to report on their progress on an annual basis.

Through the ICMM, the Chamber engages with a broad range of stakeholders, i.e. governments, international organisations, communities and indigenous peoples, civil society and academia in order to build meaningful relationships. This further strengthens the vision of the Chamber of Mines of South Africa through working together and, with others, to strengthen the contribution of mining, minerals and metals to sustainable development. During the year under review the mining industry, through the ICMM, participated in the 'Momentum for Change: 2012' UNFCCC initiative. 'Momentum for Change: 2012' was an opportunity for companies to increase the visibility of their work to assist with gaining more recognition, providing opportunities for networking with other project developers and stakeholders that could help up-scale and replicate their projects.

MOSH LEARNING HUB

The Learning Hub is tasked to encourage mining companies to learn from the pockets of excellence that exist within the mining industry. This is achieved through a Mining Industry Occupational Safety and Health (MOSH) Leading Practice Adoption System which involves identifying, documenting (where necessary demonstrating) and facilitating widespread adoption of leading practices with the greatest potential to reduce the major risks in health and safety.

This work was undertaken by adoption teams in areas of dust, noise, falls of ground and transport and machinery with assistance from the Learning Hub Secretariat and the involvement of mining industry. This report is structured to review performance in terms of successes and challenges at three levels, namely Leading Practice Adoption; Secretariat; and Industry Involvement.

Leading Practice Adoption

Adoption teams are responsible for identifying leading practices and facilitating their widespread adoption by the mines where they are applicable. During the reporting period the focus was on the following leading practices and processes:

Noise

Hearing Protection Devices (HPDs) must be supplied to employees for as long as noise levels in any area of work within the mining industry has not been reduced to below 85dBA, either through reasonably practicable noise control engineering (NCE) measures or administrative control practices. HPDs reduce the emission of noise on the human hearing mechanism in order to limit the risk of noise induced hearing loss (NIHL) and must be properly used by employees at all times when in a noisy working environment.

This is the focus of the Hearing Protection Device, Training, Awareness and Selection Tool (HPD_TAS Tool) leading practice which is currently being promoted for adoption. Analysis from the direct enquiries with regard to the appreciation of the noise hazard and for that matter the HPD_TAS Tool indicates that education to ensure employees' appreciation of the noise hazard and its potential impact is a fundamental pre-requisite to the success of any hearing conservation programme (HCP).

This pre-requisite should be addressed at all levels in the organisation and where the intention is to educate, motivate and change attitudes, this requirement becomes crucial.

It is against this backdrop that the noise team conducted a series of interactions with the mining houses through various platforms to encourage them to adopt the HPD_TAS Tool. It is envisaged that about 70 mines/operations within 10 mining houses would have adopted the tool by the end of 2013. There are tangible benefits in adopting the HPD_TAS Tool as part of a comprehensive hearing conservation programme, for example prevention of citations by the regulator.

A high-level consensus has been reached with the industry to implement an effective and more aligned application of noise-related leading practices. This renewed focus puts more emphasis on the elimination of noise sources and the implementation of world-class buy quiet strategies and procedures. To this end, the noise team populated the noise source elimination repository housed on the MOSH website. This repository consists of practices sourced internationally. There are currently six initiatives from South African mining industry, the US Department of Labour Mine Safety and Health Administration (MSHA), 19 surface mining initiatives and 15 underground mining initiatives.

The proposed industry-wide buy quiet procedure, supported by the MOSH Task Force, focuses on eliminating noise at the 'real source' addressed during the design of equipment and machines. It is envisaged that cohesive working teams would have been established by end of October 2013 to address the strategic objectives relating to the buy quiet procedure.

An ongoing verification process has commenced in search of pockets of excellence (such as lashing unit, auto acoustic emissions, hearing coach, etc.)

relating to NIHL prevention initiatives for further discussion at industry planning workshop scheduled for October 2013.

Dust

The footwall and sidewall Treatment simple leading practice was completed in 2011, and it is predominantly relevant to track-bound underground gold mines. Three interest group meetings for the footwall treatment were concluded during the first quarter of 2013. Two simple leading practices, namely: the multi-stage filtration system at Harmony Gold's Phakisa Mine and the winch cover at Sibanye Gold's Beatrix Mine including the respective adoption briefing documents were completed, and an adoption workshop in 2013. An interest group will be initiated with its first meeting earmarked for September 2013.

The development water blast that was identified as a potential leading practice will be subjected to the MOSH process starting from August 2013. It is envisaged that a progress report on the quantitative assessment on fixed point sampling will be presented at the workshop that is planned for 17 October 2013. The challenges in the dust area have been to identify potential practices existing and proven to have an impact at a mine; and convincing role players that occupational lung diseases should receive the same focus and attention as safety.

Falls of ground

In August 2012, high-level decision-makers attended an industry workshop and resolved that the adoption team should focus its energy on consolidation of existing leading practices instead of identifying new leading practices in this focus area. This consolidation process entailed giving the mines time and support required to embed current leading practices; revisiting the adoption of the entry examination and making safe of a workplace leading practice with particular emphasis on quality of adoption; and assisting those mines which are showing interest to adopt. To this end, a total of 71 mines, representing 6 838 crews, have signed up for adoption.

The adoption and installation of nets with bolts in mines with narrow tabular ore bodies has progressed well as reflected in the 27 participating mines representing 2 151 crews, and the high number of attendees (80) at the 10 Community of Practice for Adoption (COPA) meetings held to date. An adoption workshop for the application of a Triggered Action Response Plan (TARP) leading practice used in the identification of rock-related hazards was held on 25 July 2012 with close to 145 people attending.

Adoption progress shows that 40 mines are participating in the COPA established for the Central region, Eastern Limb region and the Northern Cape region. Consultations were initiated with the leadership of SACMA to establish an industry team for the coal sector given the uniqueness of their working environment. It is, however, of great concern that participation on the industry team has declined as evidenced by a 45% attendance of bi-monthly meetings.

Transport and Machinery

The transport and machinery team had a very active year with a number of milestones. In August 2012, the proximity detection systems (PDS) leading practice was made available to industry for wide spread adoption. In February 2013, an industry team for the open pit/cast sectors was established. In response to the developments in the regulatory environment, a day of learning was facilitated for this industry, specifically focused on PDS and collision avoidance (CA). Industry expressed the need for more of these interactions as it is believed that it is not only accelerating developments but allowing industry members to replicate the important lessons learnt.

Three separate industry teams, in the coal, hard rock and open pit sectors, respectively, are facilitating the adoption of leading practices. This approach led to an increased focus and improved industry participation. The establishment of the CEO Elimination of Fatalities Task Team had a valuable contribution to the work of the transport and machinery team in that it helped to address the strategic challenges experienced with the adoption of the PDS leading practice, and it also helped, through the preparatory information requested, to create a well-defined profile of working places in the different sectors with regard to the functionalities of the proximity detection systems commissioned.

Depending on industry progress with the adoption of these systems, plans are underway to identify new leading practices for all the three sectors, namely coal, hard rock and open pit. To this end, preparatory work is being undertaken by all three transport and machinery industry team to identify and select the next leading practices in their respective focus areas. Ground-breaking work is being done in the area of risk identification and assessment, aligning industry members and providing the initial foundations for sector-wide risk models.

Secretariat

The Learning Hub's secretariat is the strategic facilitator in leading the change to zero harm. It provides strategic leadership and operational support to the team through monitoring and evaluation and behaviour change processes.

Monitoring and Evaluation

Focus was placed on the implementation of the recommendations made in the 2011 independent evaluation study of the MOSH system. To this end, the MOSH adoption process was revised and shortened to make it more concise; research topic was approved by the Mine Health and Safety Council to investigate the availability of tools that can be used to measure behavioural change subsequent to adoption of MOSH initiatives; and

MOSH LEARNING HUB (CONTINUED)

significant progress has been made on the development of a new user-friendly and functional MOSH website and revision of the MOSH Handbook. Furthermore, the Monitoring and Evaluation Framework is continuously being reviewed to ensure quality outputs and to track progress on adoption of MOSH leading practices.

Behaviour change

There is a growing realisation throughout industry that successful implementation of behavioural dimensions of adoption is more challenging than the technical part, i.e. the actual practice. Therefore, the need for general 'MOSH behavioural competence' became increasingly evident. Against this backdrop, and arguably the most exciting development during this period under review is the commencement of a process to develop plans to instil desired behaviour beyond the scope of particular leading practices. Up to now, MOSH behavioural plans were and still are leading practice specific and therefore not impacting on health and safety outside these practices.

Conversely, it is envisaged that widespread and general MOSH behavioural competence will have a much broader impact. To this end, Leadership through Behaviour Management (LBM) is being developed in partnership with Sibanye Gold as a behavioural leading practice in its own right, entailing a management style that will support the philosophy as set out in the Culture Transformation Framework.

Operationally, behavioural change activities focused on the adoption of leading practices in the domains of falls of ground and transport and machinery. Assistance was provided in the development of simple leading practices in the dust area. Industry-wide knowledge of and capacity building to use the mental model methodology of behavioural change was carried out through interactions with tripartite forums and mine management teams.

Governance structures

The MOSH Task Force is continuously being strengthened through renewed membership, redefinition and clarification of its role and function in view of low levels of attendance at meetings. Following a workshop held in April 2013, there has been a slight improvement in consistency and level of seniority of people attending meetings. The active involvement and leadership displayed by the Adoption Team Sponsors has assisted in elevating MOSH issues on the agenda of principal committees such as the Chamber Council and CEO Elimination of Fatalities Team.

On the contrary, the Learning Hub Advisory Committee which was established as a consultative tripartite forum representing stakeholders (namely: organised labour, government, employers and independent health and safety experts) has not been fully functional and attempts are being made to re-energise it. Each adoption team continues to hold meetings with the respective industry team members, Adoption Team Sponsors and, collectively, the MOSH Adoption Team supported by the Learning Hub Secretariat.

Resourcing and capacity

The Learning Hub is 94% resourced with skills shortages experienced in the dust team. A process is underway to plug the gaps in this area. The availability of skills internally has bolstered the peer review activities and appointment of panellists to determine simple leading practices without reliance on external expertise.

However, the unfavourable economic conditions experienced by the mining industry, particularly the platinum and gold sectors, due to weaknesses in the global commodities market will be monitored in so far as their potential negative impact on the implementation of the Learning Hub programme.

Mining Charter Reporting Guidance

As part of the process to improve the quality of Mining Charter reporting on health and safety, leading practice investigation tools were developed and published for use by mining companies in the areas of PDS and TARP.

Partnerships, Industry Involvement and Participation

A Memorandum of Understanding (MOU) was signed as part of the outcomes of the Health and Safety Summit to strengthen the working relationships between the Learning Hub and the Mine Health and Safety Council. The MOSH Learning Hub played an active role in various interactive platforms such as regional tripartite forums, technical committees, Mining Professional Associations' events, company or mine visits, conferences, presentations, meetings and workshops.

These platforms were used as avenues for strategic communication, stakeholder engagement and to raise awareness and create greater visibility around the various Learning Hub initiatives. The role played as an active member of the organising committee for both MineSafe and CoalSafe conferences cannot be overemphasised. Furthermore, the Learning Hub actively participated in the following industry conferences and exhibitions: MineSafe 2012, SACEPA 2013 and CoalSafe 2013.

MOSH events and industry interaction

The MOSH Learning Hub mobilised industry participation by organising and facilitating industry MOSH events and meetings within the realm of MOSH being an initiative by industry for industry. The tables on the next page provide more details on specific MOSH events and meetings, respectively. A total of 12 MOSH events were held and attended by close to 698 (2012: 423) industry representatives. On the other hand, attendance at MOSH industry team and related meetings, on average, was 59% (2012: 53%).

Number of Delegates per industry MOSH event

Item	Organising unit	Nature of industry event	Date held	Number of delegates
1	Transport and Machinery	Adoption Workshop for Proximity Detection Systems	August 2012	74
		Open Pit/Cast Industry Team Establishment Workshop	February 2013	44
		Open Pit/Cast Day of Learning for Proximity Detection Systems	April 2013	56
		Community of Practice for Adoption (COPA) for Proximity Detection Systems in the Coal sector	Ongoing	20
		Community of Practice for Adoption (COPA) for Proximity Detection Systems in the Hard Rock sector	Ongoing	48
2	Falls of Ground	Post Demonstration for Triggered Action Response Plan (TARP)	July 2012	145
		Industry Strategic Planning Workshop	August 2012	30
		Community of Practice for Adoption (COPA) for Central Region	Ongoing	70
		Community of Practice for Adoption (COPA) for Eastern Limb Region	Ongoing	30
		Community of Practice for Adoption (COPA) for Northern Cape Region	Ongoing	25
3	Dust	Adoption Workshop for the Multistage Filtration Systems and Winch Cover simple leading practices	July 2013	144
4	Learning Hub Secretariat	MOSH Task Force Workshop	April 2013	12
Total				698

Percentage attendance of meetings by industry

Item	Nature of meeting	Date	% attend-ance
1	Transport and Machinery Industry Team for Coal	6 weekly	55
	Transport and Machinery Industry Team for Open Pit	6 weekly	80
	Transport and Machinery Industry Team for Hard Rock	6 weekly	65
2	Dust Industry Team Hard Rock	Quarterly	100
	Dust Industry Team Hard Rock	Quarterly	50
3	Learning Hub Advisory Committee	Quarterly	30
4	Falls of Ground Industry Team	Bi-monthly	45
5	Noise Industry Adoption Team	Quarterly	60
6	MOSH Task Force	Bi-monthly	49

SKILLS DEVELOPMENT

Skills Development

Advocacy and lobbying

The Skills Development Unit represents the interests of the mining industry and business, generally, on matters affecting education and skills development in the national arena. Chamber officials are represented on statutory bodies such as the National Skills Authority, the Quality Council for Trades and Occupation, Umalusi and the Human Resources Development Council. Chamber officials are also members of a number of Ministerial Task Teams established by the Minister of Higher Education and Training ranging from foundational learning, Further Education and Training colleges and their course offerings, and artisan training through to reviewing skills systems.

The Chamber is the convenor for employers in the Mining Qualifications Authority and is active in all levels at the MQA. Through lobbying, the Chamber is able to influence many of the decisions and direction of the MQA.

Chamber officials are active members at Business Unity South Africa (BUSA) in areas affecting skills development and play a leading role in business mandates on skills development.

SETA Grant Regulations

The Skills Education Training Authority (SETA) Grant Regulations were promulgated in December 2012 and implemented in April 2013.

These regulations brought about a reduction in the mandatory grant employers receive for submitting a Workplace Skills Plan and Annual Training Report. The mandatory grant, which was 50% of the Skills Development Levy paid by employers, has been reduced to 20%. The difference of 30% is now transferred to SETAs to the discretionary grant to fund training and related initiatives in the sector. Another change brought about by the SETA Grant Regulations will be any unspent or surplus money in the SETAs will be transferred to the National Skills Fund on an annual basis.

These regulations are being legally challenged by BUSA as there was insufficient consultation within the National Skills Authority prior to promulgation. BUSA is also contesting the rationality of giving more money to SETAs when their track record in spending the Skills Development Levy grants has been poor and often ineffective in terms of actual skills development.

Artisan Development

There has been a focus on artisans – particularly their training and attempts to alleviate artisan shortage – in the last number of years. Relevant sectors are requested to train a specific number of artisans that meets a national target.

The national target has been arbitrarily set centrally and has not been based on labour market needs or on the realities of training. Through the Artisan and Technician Development Monitoring and Evaluation Team, lead by the National Artisan Moderating Body, targets have been progressively downscaled and based on data from SETAs on the number of artisans qualifying each year. The 2012/2013 target was 12 000 and was exceeded by 1 348 artisans who qualified. The mining industry contributed some 1 400 to this total.

The number of trades in South Africa has been rationalised and after consultation with SETAs a list of 123 trades was published in the *Government Gazette* as the official and only trades in South Africa.

A single funding model for grants for artisan training has been agreed to by the Minister of Higher Education and Training and this was implemented across SETAs in April 2013. A grant of R139 350 per learner will be paid to the employer in four tranches during the training of the apprentice. A model for the Recognition of Prior Learning is also being developed for artisans and will be trialled in the Goldsmith and Diesel Mechanic trades. However, the uptake in this initiative has been lower than expected.

Draft Trade Test Regulations have been drafted and are in a consultation stage. The mining industry and Chamber officials

have played a major role in influencing these regulations.

Artisan Aides

Labour is exerting pressure, on industry and nationally, to allow artisan aides the opportunity to qualify as artisans through the Recognition of Prior Learning and top-up training. The Mining Qualifications Authority allocated R15 million to train employed artisan aides for the 2012/2013 financial year. The uptake was very low with only R1 455 000 being spent in this project. Through the National Artisan Moderation Body, an artisan aide project has also been initiated to train artisan aides to become artisans. While marginally better than in the mining industry, the uptake here has also been low.

Adult Basic Education and Training (ABET)

About 40% of employees in the mining industry have qualifications below Grade 9 or National Qualification Framework Level 4, with 11% having no formal schooling. Clearly there is a need for ABET in the industry. The quality assurance measures relating to ABET, which the Mining Qualifications Authority introduced in the previous year, are starting to show results with an improved throughput rate. However, because of overly bureaucratic and poor administration systems the grant that the Mining Qualifications Authority allocates to ABET has never been fully utilised. Of the R22 million allocated to ABET only R14.86 million (67%) was paid out. This was an improvement from the previous financial year where the ABET grant was 75% underspent. The improvement may be attributed to the Chamber committing resources to the Mining Qualifications Authority to assist with unblocking the flow of payments to employers.

The registration of the General Education and Training Certificate, which is the culmination of ABET, is lapsing and a new qualification is being developed. Mining industry officials are members of the team designing this qualification.

Scarce skills

Scarce skills have been on the national agenda for many years. One of the inhibiting factors to growth in the mining industry is purported to be a scarcity of skills. The integrity of data on skills and scarcity of skills in South Africa and the mining industry may be questioned. One of the sources of data is the Workplace Skills Plan. The latest available analysis of data on scarce skills in the mining industry (2011/2012) shows 2.4% of total employment shortage of professionals and 2.7% shortage of artisans. This amounts to 484 and 662 people, respectively. Overall the shortage of skills in the mining industry is 0.6%. Work is being done on reporting on skills in order to have a better quality of data for analysis.

Mining Qualifications Authority

The Chamber plays an important role in the tripartite Mining Qualifications Authority, together with organised labour and government. The Chamber, as the employer convenor, ensures all employer positions in the Board and its committees are filled with a spread of members who represent commodities and mining methods.

The Mining Qualifications Authority had a budget of R374 million for discretionary grants for the 2012/2013 financial year of which R329 million was spent.

The biggest spend was on the following:

	R million
Bursaries	41
Work experience	38.7
Internships	47.7
Non-artisan learnerships	38.2
ABET	22
Occupational Health and Safety	25
Artisans – employed	29.6
Artisans – partial UIF money	13.8
Artisans – unemployed	15
Artisans – artisan aides	15

The Chamber played a major role in assisting the Mining Qualifications Authority to remove blockages in paying its discretionary grant so that 83% of the discretionary grant was paid in the 2012/2013 financial year.

Rock breaking and Blasting Certificate

Officials from the Department of Mineral Resources have proposed that the Blasting Certificate is brought back instead of using the rock breaking qualifications that replaced it.

The rationale for bringing back the Blasting Certificate appears to be based on quality assurance of training and assessment

SKILLS DEVELOPMENT (CONTINUED)

of the rock breaking qualifications and the authority of the Department to issue a licence to practise. A task team was formed to consider the implications of reverting to the Blasting Certificate. The work of the task team has been slow and dogged by the absence of state officials in meetings and mistrust among parties. However, some progress has been made towards the intentions of the parties and the qualifications framework context.

Trends in Employment and Training

Each year employers are required to submit a Workplace Skills Plan and Annual Training Report to the Mining Qualifications Authority. The Mining Qualifications Authority conducts an analysis of these reports and identifies trends in employment and training. Some of the salient points from these analyses up until the end of the 2012 financial year are:

Employment by sub-sector for 2011

	%
Coal mining	13.8
Gold mining	25.6
PGM mining	34.3
Diamond mining	2.1
Other mining	12.3
CLAS	2.8
Services incidental to mining	8.2
Diamond processing	0.4
Jewellery manufacturing	0.5

- The North West province has the largest number of mining industry employees, followed by Gauteng, Mpumalanga and Limpopo;
- The number of employees with qualifications below National Qualification Level 1 (less than Grade 9) has moved from 60.0% in 2004 to 49.6% in 2011;
- The number of employees with a Grade 12 has increased from 14.2% in 2004 to 20.9% in 2011;
- The number of employees with post school matric qualifications has moved from 6.5% in 2004 to 12.1% in 2011;
- Professionals make up 4.7% of the total workforce and craft and related workers 5.7%;
- Female employees make up 10.9% (2011), up from 4.3% in 2002; and
- The age distribution of workers is:

Under 35	34.9%
36 to 54	56.4%
Over 55	8.7%

Further Education and Training Colleges

The mining industry has traditionally relied on Further Education and Training (FET) Colleges for the theory component required for artisan qualifications through the N courses. These courses were withdrawn and the National Certificate (Vocational) (NC(V)) introduced. As the NC(V) did not meet the needs of industry, the N courses were re-introduced. During this period the FET College sector went into decline with poor teaching quality and very low throughput rates.

The mining industry made a decision to become involved in the governance structures of FET Colleges and support the training of FET College lecturers. Subsequently mining industry representatives have made themselves available to serve on FET College Councils and initiatives to assist with lecturer training are in place.

Youth Employment Accord

A Youth Employment Accord was signed in April 2013. Business is one of the signatories to the Accord which attempts to address the high unemployment of youth in South Africa. Business will undertake to offer young people workplace learning and training opportunities.

Quality Council of Trades and Occupations

The Quality Council for Trades and Occupations (QCTO) is one of three quality councils in South Africa, the others being Umalusi for schools and the Council for Higher Education for universities and universities of technology. A Chamber official represents business on the Council of the QCTO.

Each quality council is responsible for its own sub-framework of qualifications. The QCTO sub-framework is being finalised and consists of trade and occupational qualifications up to National Qualifications Framework (NQF) Level 6. The N courses offered at FET Colleges and NQF Level 5 qualifications are being contested by the quality councils.

The QCTO has approved seven assessment quality partners to provide quality assurance for QCTO qualifications and 12 QCTO qualifications have been registered on the NQF. The QCTO is also responsible for monitoring legacy qualifications that have been registered by the South African Qualifications Authority.

The Foundational Learning Competence, which is a compulsory component of occupational qualifications at NQF Levels 3 and 4, and is made up of read, write, speak and maths literacy, was registered by the South African Qualifications

Authority as a part qualification at NQF Level 2.

National Skills Authority

The National Skills Authority is a statutory body established to advise the Minister of Higher Education and Training on skills development issues. A Chamber official is one of the business representatives on the National Skills Authority.

One of the functions of the National Skills Authority is to monitor the National Skills Development Strategy. This body has also been involved in the SETA Grant Regulations, which are being contested by business. The National Skills Authority also has an oversight role in terms of the National Skills Fund. The Green Paper on a post-school system for South Africa proposes that a South African Institute for Vocational and Continuing education be established and the National Skills Authority may be subsumed into this body.

Learning materials

The Chamber is still co-ordinating the development of Mining Qualifications Authority (MQA) learning materials through the Learning Materials Development Project.

At the end of this reporting period, 1 703 unit standards had been allocated to accredited training providers for learning material development across the different disciplines.

Total quantities in number of unit standard-based learning packs approved by the technical review groups as at July 2013:

Discipline	As at July 2012	As at July 2013
Analytical services	56	56
Cement lime and aggregates	44	54
Diamond processing	88	130
Engineering	524	531
Geology	23	29
Jewellery manufacturing	68	75
Metallurgy	319	325
Underground coal mining	32	32
Underground hard rock mining	108	108
Surface mining	76	76
Occupational hygiene	9	9
Occupational safety	24	25
Rock engineering	99	126
Surveying	39	39
Small scale mining	7	14
Other	14	14
Total	1 530	1 643

The quantities of unit standards learning material developed for the year were on target. Only a few newer unit standard qualifications have been registered, and as they are registered, the project evaluates the need and develops material where required.

Quality Council for Trades and Occupations (QCTO) learning material development

The development of the various occupational curriculums, and related qualifications, has been far slower than originally anticipated. This is due to new structures and systems being set up to deal with this at the QCTO. During this period, work was done on the Mines Rescue and Goldsmith occupations. Other occupations will have learning material developed as they are submitted to the QCTO.

SKILLS DEVELOPMENT (CONTINUED)

Chamber of Mines Certificates

At the beginning of 2012 the Chamber took over the administration of the Chamber of Mines Examinations that was hosted at UNISA for a number of years. This process was successful with no problems registered at the new Chamber-controlled examination centres. The number of candidates sitting for these examinations has become steady as there is no significant growth. In order to assist candidates to be properly prepared for the rock engineering examinations the MQA funded and released the first learning material for these examinations. The table below shows the number of candidates who successfully completed the Chamber of Mines examinations when compared to the previous years:

The Chamber is continuing with facilitating the eventual hand-over of these examinations to the Mining Qualifications Authority or the various tertiary institutions where applicable. The target for the complete hand over of these examinations is 2018.

Name of Certificate	As at July 2010	As at July 2011	As at July 2012	As at July 2013
Certificate in Advanced Mine Surveying	29	57	70	58
Certificate in Advanced Mine Valuation	41	88	102	66
Certificate in Advanced Rock Engineering	3	1	11	3
Certificate in Basic Mine Sampling	272	125	141	63
Certificate in Basic Mine Surveying	163	134	130	142
Certificate in Elementary Mine Sampling	126	100	90	73
Certificate in Elementary Mine Surveying	150	114	130	88
Certificate in Mine Environmental Control	16	71	19	8
Certificate in Radiation Protection Monitoring Screening	260	70	125	109
Certificate in Rock Mechanics	11	10	27	25
Certificate in Strata Control	55	49	79	64
Intermediate Certificate in Mine Environmental Control	87	18	32	48
Certificate in Mine Survey Draughting	26	31	22	40
Practical Certificate in Mine/ Environmental Control	3			
Total	1 242	868	978	787


IN 2012
R93 billion
WAS SPENT ON ARTISANS
AND OTHER TRAINING INITIATIVES

STAKEHOLDER RELATIONS AND COMMUNICATION

There is no doubt that the tragic events at Marikana in August 2012, compounded by labour and policy uncertainties over the last year and a tenuous commodities market, have all shaken investor confidence in the South African mining industry. In the context of these challenges, business looks to the Chamber to both protect and enhance the reputation of the sector while at the same time ensuring that the industry's voice is heard in important public debate on mining policy issues.

The MINE Campaign

In October 2012 the Chamber launched MINE, a brand that represents the achievements of the mining industry by emphasising mining's contribution to everyone's every day. The vision of the campaign is to see a mining industry that is respected because people understand and acknowledge its value, now and into the future. The campaign informs credible, well considered opinion by providing facts centred on everyday living.

Two main tactics are being employed to deliver the campaign: public relations and social media. The rationale for choosing these two platforms is that they are both engaging, promoting dialogue in preference to only one-way communication.

The public relations campaign for MINE is closely aligned to the Chamber's communication objectives. Whereas the Chamber addresses primarily the industry itself, MINE concentrates on the general public and the media that serves their interests. As the MINE brand grows, the intention is to extend its reach into mining communities as a key audience.

The MINE campaign is essentially about putting relevant content on communication platforms that promote dialogue. In recognition of this a comprehensive database has been established and is being used for direct communications. A fact sheet is being constantly updated and used to ensure that there is always fresh content and that the efforts between public relations and social media are aligned. A monthly newsletter has been developed for the industry informing members of the progress on MINE and providing them with content to use in their internal communications, further promoting and growing the MINE brand.

Public Relations

The "Many Voices" public relations campaign was designed and implemented to create the opportunities for meaningful dialogue about the importance and far-reaching impact of the mining industry. Besides defining the messaging, the campaign centred on identifying the voices and the platforms on which to share the key messages about the industry.

Some of the activities which were delivered through the campaign in the first six months include:

- Development of key collateral which formed the basis of the mining industry messaging (the Fact Sheet);
- Identifying and securing respected media platforms to share the mining industry positioning (e.g. Cape Town Press Club, Foreign Correspondents Association);
- Ensuring that the business voice was heard on critical mining-related issues (e.g. Mangaung, SONA, budget speeches, NERSA energy price determination);
- Strategically placed op-eds on important mining issues;
- SA mining messaging shared on key global, regional and national platforms (e.g. WEF, Investing in African Mining Indaba, BRICS Summit, GIBS presentations);
- Engaging the investor community (African Mining Investor Dinner, Harmony-sponsored presentation to Johannesburg-based analysts and fund managers);
- A training course for media educating them about the world of mining, the challenges that the sector is currently facing and the contribution it can still make to the national economy. This is aimed at media that serve the general public where understanding of the industry may be rudimentary;
- A mining student conference which brought together government (including Minister Susan Shabangu as the keynote speaker), academia and business to engage with the future leaders of the industry on current mining-related challenges; and

- A community radio campaign that creates a platform for dialogue with mining communities. Knowledgeable participants in the industry are interviewed on specific issues related to the industry and the public are invited to phone in and ask questions.

Social Media Campaign

Social media runs on two platforms, Facebook and Twitter. The decision to run the campaign over digital platforms was taken because they are ideal channels to foster public debate and opinion of mining in South Africa. A dedicated response strategy means that no questions go unanswered.

Furthermore, it provides a way of engaging with the youth who will be carrying our economy forward and are particularly vocal about the industry with high expectations on what it should deliver:

- On Facebook an engaged community of over 10 000 has been built. This translates into a reach of over 35 000 per post. Given that, on average, there are 20 posts per month this means that around 700 000 positive insights into the mining industry are being read per month.
- The campaign on Twitter is gaining momentum with 137 followers already engaged and steadily building towards the target of 400. In addition to building an active group of advocates, Twitter creates an interactive platform which can be used to share information and insights at events like the Students Mining Conference.

The main demographic engaging on Facebook is aged between 25 and 34, the up and coming productive segment of our population, but the days when the youth were the only ones embracing social media are long past. The demographics of the Mine Facebook page shows that 18.5% of those engaging in the community are aged 65 and older.

Communications informed by sound research base

In partnership with Anglo American, the Chamber's communications unit commissioned a study by the Reputation Management Institute that sought to establish the general perception of South African mining companies, specifically those represented by the Chamber of Mines. Primarily the research aimed to show whether the public understands the business of mining and what the sector contributes to the broader social and economic development imperatives of the country.

The research has revealed that the ordinary South African has extensive misconceptions about the mining industry but, in addition, executives in other sectors have demonstrated that they have limited knowledge about mining companies and their contribution to the South African economy. The sample that was interviewed covered the range of LSMs and varied in age from youth to the middle-aged.

The research has also shown that earlier publicity/marketing efforts and the tools being used to engage communities and broader public are not delivering the desired results for the mining companies.

This research will be used to inform the next phase of the MINE campaign and the Chamber's communications unit will work closely with member companies to enhance the reputation of the industry and to supplement the communications activities of members.

The way forward for the MINE campaign

To make relevant and intriguing content easily accessible and available to a wider audience a MINE website is being considered. Establishing this site is a priority because it will create a repository for the excellent content that is being accumulated and provide a hub that promotes cohesion within the campaign.

The MINE campaign is building momentum. The challenge is to ensure that this momentum continues to grow and is maintained. This will only be accomplished with the collective support from the mining industry as a whole.

The Chamber's Industry Communications Committee has been integral to the development of the MINE campaign and the support and guidance of its members, sought mostly through a process of targeted engagement by the Chamber's communications team, has been fundamental to the early success of the campaign.

The opportunity to seek support from other players in the mining industry is now being pursued, recognising that in the same way that everyone's everyday is improved by mining, everyone related to the industry will benefit from an improved image of mining.

LEGAL

"The Chamber believes that the overall regulatory framework as it pertains to mining in South Africa is in line with international best practice."

MPRDA Amendment Bill

The Chamber believes that the overall regulatory framework as it pertains to mining in South Africa is in line with international best practice. While there have been some challenges related to the implementation of the MPRDA, there has generally been progress in addressing many of the implementation challenges. However, there are areas in respect of which the Mineral and Petroleum Resources Development Act (MPRDA) has been criticised.

These include the wide discretion afforded for administrative decisions and the perceived lack of a transparent process for the granting of prospecting and mining rights. In addition, the National Development Plan adopted by the ANC and government, which is the latest official government policy document, echoes these concerns while recommending that the MPRDA be amended to ensure a "predictable, competitive and stable mineral regulatory framework".

A draft MPRDA Amendment Bill was released at the end of 2012 for public comment. The Chamber was of the view that, unfortunately, some of the amendments proposed by the DMR in the draft amendment Bill would not address the current problems, but would substantially add to them. Areas of concern included:

- That the draft Bill included various provisions giving the Minister additional open-ended discretions (for example, the Minister was given the sole power to determine the baselines for minerals and petroleum for purposes of beneficiation; to determine the percentage of raw minerals per commodity required for local beneficiation; to determine the price of such raw minerals required for local beneficiation; to decide which minerals would be regarded and declared as strategic minerals; to determine the terms and conditions to which rights granted under the proposed new section 9(1) would be subject; and to direct the holder of a mining right to address the socio-economic needs of a particular area or community).
- Environmental matters: The Chamber has consistently requested that "a one-stop shop" for all environmental approvals and authorisations and water use licences be implemented. While it could be argued that the draft Bill attempted to achieve this, the matter was not free from doubt and would require at least additional amendments also to the National Environmental Management Act so as to render it clear that environmental authorisations relating to mining will remain permanently under the jurisdiction of the Minister of Mineral Resources and so as to clarify that once an environmental authorisation for mining and related matters is granted, no additional separate environmental authorisations by another Minister for separately identified activities at the mine will be required. Additionally, the new provision whereby the holder of a right will remain liable, notwithstanding the issuing of a closure certificate was of grave concern.
- Beneficiation provisions: The draft Bill seemed to set out a pre-determined framework for beneficiation. The Minister must decide how much of a particular mineral must be sold domestically and at what price (effectively being able to determine what can be exported). The details are at the total discretion of the Minister. This would have a major negative impact on the planning and possibly on the viability of many mining companies. While the Chamber understands the issue of access to mineral products in the domestic market place, the potential for the government to force companies to sell primary minerals in the domestic market place at below globally determined prices (i.e. subsidise downstream users of primary minerals) was a major concern. The uncertainty created and the almost absolute discretion of the Minister to materially intervene in the product sales arrangements of the industry is a major uncertainty.

- The concept of the declaration of minerals as "strategic minerals" with the purpose of trying to achieve greater beneficiation or primary energy security. All stakeholders understand the objective of promoting primary energy security. However, there is a strong probability that going the route of declaring coal a strategic mineral, and potentially limiting exports, could have exactly the opposite effect. It could end up in far less investment in coal mining, despite the country's abundant coal resources, creating a deficit in supply. Allowing market-based investment decisions to provide energy security, in conjunction with a partnership approach between government and industry, is seen by the Chamber as a key strategy to achieving the energy security objective.

The Chamber submitted written comments on the draft Bill to the DMR on 14 February 2013. On 24 June 2013 a notice was published in the *Government Gazette* that the MPRDA Amendment Bill [B15-2013] had been introduced into Parliament. While the Bill introduced into Parliament contained some of the Chamber's proposed amendments, most of the Chamber's more serious concerns reflected above were not addressed. The Chamber is expecting the public hearings of Parliament's Mining Portfolio Committee to be held sometime in August and will submit written comments to the Portfolio Committee and request to participate in its public hearings.

2008 MPRDA Amendment Act

The abovementioned Act, while passed in 2009, was never brought into force. The Act contained various amendments to the MPRDA, the primary one being to introduce a new environmental regulatory regime under which environmental authorisations in the mining industry would ultimately fall under the Minister of Environmental Affairs after a three-year transitional period.

It was the DMR's stated intention to bring the 2008 Act into force at the same time as, or immediately before, the 2013 MPRDA Act came into force, so that the changes introduced by the 2008 Act, but amended by the 2013 Act, would not have any effect. However, in terms of a proclamation unexpectedly published in the *Government Gazette* on 31 May 2013, notice was given that the 2008 Act would come into operation on 7 June 2013. Apparently this was done on legal advice from the State Law Advisors that the 2013 MPRDA Amendment Bill could not be introduced into Parliament unless the 2008 Act was in force.

The coming into force of the 2008 Act would have had various unintended negative consequences for the mining industry and following intense lobbying by the Chamber a revised notice was published in the *Government Gazette* on 6 June 2013 providing that certain of the provisions of the 2008 Act would not come into force on 7 June 2013. Unfortunately there were still some unintended negative consequences introduced by the 2008 Act which will hopefully be addressed in the 2013 MPRDA Amendment Bill.

Draft Expropriation Bill, 2013

During 2008 an Expropriation Bill was introduced into Parliament. Following hearings of the Parliamentary Portfolio Committee on Public Works in June 2008, in which hearings the Chamber participated, the Bill was withdrawn due to opposition from various quarters, including the Chamber.

A new Draft Expropriation Bill, 2013, was published in the *Government Gazette* on 20 March 2013. While the 2013 draft Bill is a vastly improved product compared to the 2008 version, there are still some major concerns for the mining industry, the most important of which is a provision that all unregistered rights in property will automatically be expropriated at the same time the property concerned is expropriated, unless the notice of expropriation states otherwise. Mining companies could have various rights, permits or permissions which are related to their mining rights, but which are not formally registered or recorded and thus are not regarded as "formal rights". Such rights, permits and permissions would therefore automatically be expropriated if any land to which they relate was expropriated.

The Chamber submitted comments on the Bill to the Department of Public Works. The Bill was subsequently referred to NEDLAC and the Chamber will be represented on the BUSA task team interacting in the NEDLAC meetings on the Bill. The NEDLAC discussions on the Bill were scheduled to commence in July.

LEGAL (CONTINUED)

Draft Restitution of Land Rights Amendment Bill, 2013

The Bill was published in the *Government Gazette* on 23 May 2013 and its main aim is to amend the Restitution of Land Rights Act, 1994, so as to amend the cut-off date for lodging claims for restitution from 31 December 1998 to 31 December 2018. The Chamber's concerns with this proposal is that mining companies and other land owners would again be inundated with claims over mining and prospecting areas. Often the claimants were only interested in additional compensation or other benefits from mining companies.

The Land Claims Commissioners in the various provinces have not finished dealing with the current claims lodged before end of 1998 and now more new claims would be lodged. The land claims offices were totally under-resourced and it was doubtful if the staff were appropriately skilled to process these claims and do the necessary research. Additionally, the new lot of potential claims would create great legal uncertainty.

The Bill was also referred to NEDLAC for consideration and since the Chamber's comments were incorporated into the BUSA comments, no separate Chamber comments were submitted. The NEDLAC meetings on the Bill were scheduled to start in July.

Draft Property Valuation Bill, 2013

The Bill was published in a Government Gazette on 23 May 2013 and its main aim is to establish the Office of the Valuer-General, which office will have the function to determine the value of all property identified for any of five purposes, i.e:

- Land reform;
- Expropriation;
- Government leases;
- Acquisition or disposal by a department, organ of state or a municipality; and
- Municipal valuation rolls.

The major concern of the Chamber with this Bill is how the value of property would be determined. The Chamber's view is that the starting point should be the market value of the property, whereafter the market value should be adjusted if required by the various different criteria set out in section 25(3) of the Constitution. The Bill also duplicates in some respects issues dealt with in the Draft Expropriation Bill. To the extent that such issues could not be dealt with in the Expropriation Act only, the two Bills should deal with them in identical fashion.

The Bill was also referred to NEDLAC for consideration and since the Chamber's comments were incorporated into the BUSA comments, no separate Chamber comments were submitted. The NEDLAC meetings on the Bill were scheduled to start in July 2013.

Spatial Planning and Land Use Management Bill

The Spatial Planning and Land Use Management Bill was first introduced into Parliament in the second half of 2012. The Bill requires all levels of government (central, provincial, regional and municipalities) to draw up spatial development frameworks for all land falling within their areas of jurisdiction in accordance with certain norms set out in the Bill and sets out processes to co-ordinate these frameworks at the different levels. It will be crucial that mining receives special recognition when such development frameworks are drawn up, because of the unique features of minerals and mining (minerals are area bound; mining extends across artificial land, municipal and provincial boundaries; mining is in the national interest and affects the economic interest of South Africa as a whole; vested land use and development rights have been acquired and exist under the current statutory provisions and should not be subjected to negation or deprivation; and mining, as a land use typology, is unique in many respects). Unfortunately the extent to which mining was afforded special recognition in the Bill was of serious concern to the Chamber.

The Chamber submitted written comments on the Bill to Parliament and made an oral presentation on 22 August 2012. The Bill was re-introduced into Parliament in 2013 and an amended Bill was passed by the Portfolio Committee on 13 February 2013 and by the National Assembly on 26 February 2013 without any further public hearings. The amended Bill contained very minor changes from the earlier version and none of the Chamber's concerns were addressed.

Draft Infrastructure Development Bill

The Draft Infrastructure Development Bill was published in the *Government Gazette* on 8 February 2013. One aim of the Bill is to provide for the facilitation and co-ordination of infrastructure development which is of significant economic or social importance to the State or a region, which will be achieved by the identification and implementation of strategic integrated projects (as defined). The Bill is focused on projects undertaken by the State or by organs of state, or which have been put out to tender by the State, rather than projects undertaken by private entities.

The Chamber submitted comments on the Bill to the Department of Economic Development, pointing out that many projects which would satisfy the requirements to qualify as a strategic integrated project have been initiated by the private sector. Examples of such projects include mining projects and oil and gas projects, like the development of coal mining projects with associated infrastructure at the Richards Bay Coal Terminal, the development of the Sishen South (Kolomela) iron ore mine in the Northern Cape with its associated infrastructure namely the Sishen Saldanha railway line and the Saldanha Bay harbour, and the possible development of shale gas frack projects. The Chamber requested that the Bill be amended also to cover projects initiated by the private sector.

This could have distinct advantages for mining companies.

Farlam Commission of Inquiry

Following the events at Lonmin's Marikana mine in August 2012, the President of South Africa on 12 September 2012 appointed a Commission of Inquiry to investigate, report on and make recommendations regarding certain events and issues. The Commission is chaired by Judge Ian Farlam (a retired Supreme Court of Appeal judge) and the other members are Adv B R Tokota, SC and Adv P D Hemraj, SC.

The terms of reference of the Commission first gazetted were very narrow, limited to the events from 9 to 18 August 2012 and the role of specifically mentioned parties, i.e. Lonmin, the SAPS, the AMCU, the NUM, the DMR and individuals and loose groupings. Following representations by various parties, including the Chamber, the terms of reference were broadened early in October 2012 to cover four "themes":

- The events which occurred during the period 9 to 16 August 2012;
- The conduct and practices of Lonmin and whether this contributed to the conflict between the police and the strikers;
- The actions and conduct of the two trade unions, NUM and AMCU, as far as it concerns the conflict in question; and
- The conduct of government departments, being the Departments of Mineral Resources and Labour in this regard.

Towards the end of October 2012 parties were advised that there would be two phases of the Commission, of which the first phase will combine the four themes that were previously intended to be four phases of the Commission. The second phase would cover a totally new topic of "matters which indirectly could have caused or contributed to the violent conflict in question". Following consultation with stakeholders, the Commission released a list of provisional topics to be covered in the second phase.

On 8 November 2012 Judge Farlam advised that the first phase would only consist of an examination of the events of 9 to 16 August 2012 which led to the deaths of at least 44 people, more than 70 people being injured, approximately 250 people being arrested and damage and destruction of property. The Judge further said that the conduct of Lonmin, NUM and AMCU, as well as collective bargaining issues, living conditions and remuneration, will only be investigated after the first phase.

At the time it was foreseen that examining of evidence for the first phase would probably only be completed in March 2013, followed by submissions of the parties on the evidence, after which findings would be made by the Commission. At that time it was envisaged that the presentation of evidence for the second phase would probably only begin in June 2013.

It was also envisaged that, unlike the first phase, the second phase would primarily be dealt with by way of submission of affidavits and that cross-examination of witnesses would be limited.

On 12 February 2013 the terms of reference of the Commission were amended, requiring that the investigation of the Commission, including the gathering of evidence and the conducting of hearings, had to be completed by 31 May 2013 and that the final report had to be submitted within six weeks thereafter. These terms of reference were again amended in May to provide that the gathering of evidence and the conducting of hearings had to be completed by 31 October 2013.

Immediately following the announcement that the Commission would be appointed, the Chamber approached the Commission secretariat, mentioning that the origins of the unrest seemed to be much wider than only at the Lonmin mines and that therefore the whole South African mining industry had a direct interest in the work of the Commission. It was also mentioned that the Chamber's members had mandated the Chamber to participate in the inquiry with a view to looking after their interests and assisting the Commission, e.g. with relevant background and other mining industry information that other parties will not necessarily have available. Judge Farlam agreed that the Chamber could be involved in any meeting with affected parties about the terms of reference and in other activities of the Commission.

The Chamber appointed an independent contractor to represent it at the Commission. It was also agreed with the Commission that the person would not attend every day, but would attend when deemed necessary and would otherwise be kept up to date through interactions with Lonmin's counsel, the Commission's "evidence leaders" and the Commission secretariat.

LEGAL (CONTINUED)

Following the revision of the Commission's terms of reference (as requested by the Chamber and other parties) to include "matters which indirectly could have caused or contributed to the violent conflict in question" (phase 2), the Chamber decided to deal with the following issues identified in the list of provisional topics to be covered in the second phase:

1. The lived experience of mineworkers;
2. Housing and service issues;
3. Migrant labour issues;
4. NUM and AMCU;
5. Collective bargaining issues;
6. Production issues;
7. Investment issues;
8. Mining Charter issues; and
9. The capacity of parties to engage the State in support of their positions in industrial disputes. Affidavits by the Chamber's Dr E Strydom and Mr R Baxter dealing with these topics were submitted to the Commission in April 2013.

The proceedings of the Commission have been exceptionally protracted and slow, mainly due to the involvement of a number of legal teams representing all the parties involved. At the time of writing this report the first phase of the Commission had not been completed.

Broad-Based Black Economic Empowerment Amendment Bill

The Department of Trade and Industry (dti) published a draft Broad-Based Black Economic Empowerment Amendment Bill in the *Government Gazette* on 9 December 2011. It has always been accepted by government and the mining industry that the Broad-Based Black Economic Empowerment Act (B-BBEE Act) does not apply to the mining industry. However, the Bill proposed to add a new section (a so-called "trumping provision") to the B-BBEE Act, which section would have caused much uncertainty in this regard. The proposed section read as follows: "If any conflict relating to the matters dealt with in this Act arises between this Act and the provisions of any other law, save the Constitution and/or any Act expressly amending this Act, the provisions of this Act will prevail."

In its comments to the dti the Chamber pointed out that B-BBEE in the mining industry was regulated comprehensively in the MPRDA, the Mining Charter developed by the DMR Minster under the MPRDA and the SLPs that mining companies must have. The MPRDA had been approved by Cabinet and by Parliament and there is thus Cabinet and Parliament support for the fact that B-BBEE in the mining industry should be regulated under the MPRDA. The Chamber further mentioned that mining companies have developed strategies and plans to respond to the MPRDA and Mining Charter, which included black economic empowerment (BEE) ownership transactions and have been planning further such transactions. A lot of resources and money have been invested in this process.

There has been tremendous pressure on mining companies to improve their BEE status and the revised Mining Charter contains various new and more specific targets. It has been agreed that compliance will again be evaluated in 2014, but in the meantime companies need to report annually on progress with their compliance.

The Chamber requested the dti that the trumping provision be amended to make it clear that the B-BBEE Act does not apply to the mining industry.

Following intense lobbying by the Chamber and BUSA the trumping provision was removed from the draft Bill released by the dti in April 2012 for discussion in NEDLAC. During the discussions in NEDLAC several other stakeholders called for the re-introduction of the trumping provision into the Bill, which call was opposed by BUSA and the dti. The version of the Bill subsequently approved by cabinet and introduced

into Parliament towards the end of 2012 also did not contain the trumping provision. For this reason the Chamber did not submit separate comments to the Parliamentary Portfolio Committee on Trade and Industry (PC) when it called for comments on the Bill and held public hearings in March 2013. It had been agreed that BUSA would make a submission based on what was submitted to the dti in 2012 incorporating the outcome of the NEDLAC deliberations. Given that the Bill before Parliament did not contain the trumping provision, the Chamber's view was that BUSA's submission should make no mention of it.

In the hearings before the PC various parties again called for the introduction of the trumping provision. However, the dti rejected calls for its inclusion. After the public hearings, during the PC's deliberations on the Bill in May, the PC agreed to re-introduce the trumping provision into the Bill, despite the dti's initial opposition to it. The PC further decided that the implementation of the trumping provision would be delayed for about a year after the commencement of the Act so business could align itself with the new regime.

The Bill has been referred to the National Council of Provinces (NCOP) and the Chamber intends making representations to the NCP for removal of the trumping provision when the NCOP considers the Bill (probably sometime in August).

Enforcement Guideline (section 54 stoppages)

At a MIGDETT meeting in January 2012, concerns were raised regarding the application of the DMR's enforcement guideline (in particular the increased issuing of section 54 stoppages). At this meeting a task team was established to investigate the increase of section 54 stoppages, whether these were justified or not and to determine the unintended consequences of increased section 54 stoppages. The Chamber approached its member companies for specific information on the enforcement actions to help with the investigation.

The MIGDETT principals met in July 2012 to discuss the section 54 Task Team Report. The principals approved the recommendations in the report and that an independent expert needed to be appointed to assist with the implementation of the recommendations. It was further agreed that the Mine, Health and Safety Council (MHSC) had to implement the recommendations in accordance with an Implementation Plan.

The MHSC subsequently referred the matter to its Mining Regulation Advisory Committee (MRAC) for actioning. MRAC scoped the project into two parts and engaged an independent contractor (the Centre for Sustainability in Mining and Industry at Wits) to do the first part. The report of the contractor is expected very soon.

Trustees appointed to Industry Retirement Funds

The Chamber nominates employer trustees to the boards of six mining industry retirement funds, with combined assets in excess of R80 billion. The Trustees of the MEPF and Sentinel Retirement Funds decided to merge the MEPF into the Sentinel Retirement Fund with effect from 1 July 2013. Besides creating a larger single fund through the merger, administration duplications will be eliminated and Sentinel will be changed to a Type A umbrella fund which will enable flexibility for employees or groups of employees at employer level and participation in the Fund by the employer/employees through an Employer Management Committee, if desired by the employer.

The Chamber, with the boards of trustees and administrators of the funds, continues to engage with government, trade unions, industry forums and local communities on various matters of concern to them, including the reform of the retirement fund industry by the Department of Social Development and National Treasury.

Mines 1970 Unclaimed benefits Preservation Pension and Provident Funds ("the Funds")

The Chamber terminated the Administration Agreement between itself and the Funds in February 2013, effective on 29 May 2013. A tender process was initiated by the Funds and Alexander Forbes was appointed as the Administrator of the Funds effective 30 May 2013. The tender included the consolidation and transfer of all existing Funds data from both the Chamber and NMG Consultants. A data verification process is currently being undertaken. A new Principal Officer of the Funds was appointed on 1 March 2013. The trustees have concentrated on improving the corporate governance of the Funds and have adopted a number of policies and procedures in this regard.

LEGAL (CONTINUED)

The Investment Policy Statement was adopted by the Fund in April 2013 and all investments of the Funds are rebalanced in accordance with the document. Currently an amount of approximately R600 million is invested on the Fund's behalf.

The Trustees will, in terms of good corporate governance, be reviewing all service level agreements before the end of 2013 and will be implementing a comprehensive tracing initiative to trace the members and/or the beneficiaries within the next five years. Following a meeting with FSB officials, the existing tracing agreement is being extensively revised to conform to new legislative requirements. Whilst TEBA Limited will remain the primary tracing agent for deep rural areas, additional tracing agents will be appointed to augment tracing initiatives in urban and semi-rural areas.

The trustees will undertake a comprehensive review of the rules of the Funds during the forthcoming year to align them with legislation and industry best practice.

The Funds are currently registering their names both in respect of defensive and trademark registration. The Funds are also taking steps to protect their data in terms of intellectual property and confidentiality agreements with all service providers.

Mineworkers Provident Fund

The Fund is making good progress in addressing the backlog of claims. The self-administration challenge regarding the double benefit reflected on members' statements has been addressed by the Fund.

The trustees have taken steps to improve the governance of the Fund and communication to Fund members. The Fund has embarked on roadshows in SADC and has worked closely with the government, community structures and TEBA Limited in an effort to trace members and/or beneficiaries who are entitled to receive unclaimed benefits. The Fund has also engaged Old Mutual to provide financial literacy training to its members so that they will be more able to manage their financial affairs.

As co-sponsors of the Fund with NUM, the Chamber continues to be vigilant on behalf of its members in its review of rule changes and governance structures at the Fund. Members of the Chamber make up the majority of participating employers in and employer contributions to, this R22 billion fund.

Retirement Reform

The Minister of Finance in his 2012 Budget Speech announced that a series of discussion papers would be released during the course of the year dealing with the reform of the retirement industry. The aim is to promote retirement savings as most South Africans do not save adequately for retirement and very few of the country's workers belong to a retirement fund.

During 2012 and 2013 National Treasury released five technical discussion papers dealing with the promotion of household savings and reform of the retirement industry. The most recent and important paper, "Changes in South African retirement funds", was released for comment on 11 July 2013 and provides an overview of the current level of charges during the accumulation phase (i.e. before retirement) in South African retirement funds, an international comparison, and examines the drivers of the charge levels. Treasury has not proposed any particular approach regarding this issue but wants the document to facilitate discussion amongst the relevant stakeholders and to promote public consultations on how the charges of retirement funds can be reduced during the accumulation phase.

The Chamber Task Team on Social Security and Retirement submitted comments to National Treasury on the previous four discussion papers, namely;

- Enabling a better retirement income;
- Preservation, portability and inform access to retirement savings;
- Incentivising non-retirement savings; and
- Simplifying the tax treatment of retirement savings,

and will submit comments on the latest discussion paper.

Following on the endorsement of certain proposals contained in the retirement reform papers published in 2012 and in the 2013 Budget, taxation amendments have been proposed in the 2013 draft Taxation Laws Amendment Bill issued by National Treasury on 5 July 2013. The key proposals relate to the tax treatment of contributions to retirement funds for the employer and the individual and mandatory annuitisation of provident funds which will apply from 1 March 2015.

Mining Taxation

The ANC Policy Conference at Mangaung in December 2012 resolved not to proceed with the nationalisation of the country's mines but rather to capture "an equitable share of mineral resources through the tax system".

In his State of the Nation Address this year, President Zuma announced that the Minister of Finance would commission a study of existing mining tax policies to ensure that South Africa has an appropriate revenue base to support public spending. The study will specifically evaluate the current mining royalties regime. Judge Dennis Davis has been appointed to chair the Tax Review Committee. The Terms of Reference of the Tax Review Committee were published on 17 July 2013.

Specific attention will be given to the existing mining tax regime and its appropriateness taking into account:

(i) the agreement between government, labour and business to ensure that the mining sector contributes to growth and job creation, remains a competitive investment proposition, and all role players contribute to better working and living conditions;

(ii) the challenges facing the mining sector, including low commodity prices, rising costs, falling outputs and declining margins, as well as its current contribution to tax revenues.

The Chamber will actively participate in the tax review to ensure that its members' interests and concerns are considered by the Tax Review Committee.

Taxation of Housing Benefits

The Chamber and representatives of the mining industry met with Treasury officials in September 2012 and May 2013 to discuss the tax relief that could be made available to low-income employees who receive ownership of houses provided by their employers at less than the market value of the property. Currently, the employees who qualify for this benefit become liable to pay fringe benefit taxation which many of them cannot afford. Treasury offered to assist employers by formulating an income tax-free benefit.

On 5 July 2013 the 2013 draft Taxation Laws Amendment Bill was issued by National Treasury. The Bill provides that no fringe benefit tax will be payable by an employee if the employee earns a total salary of not more than R200 000 per annum and acquires a property with a cost to the employer of not more than R350 000. This provision is particularly welcomed by the mining sector as it will assist employers to provide housing at below market value to their low-income employees without fringe benefit tax being payable by the employee.

Carbon Tax Policy Paper

On 2 May 2013 National Treasury issued the Carbon Tax Policy Paper for comment. The document contains broad statements of intent and claims that the purpose of the tax is to change behaviour and not to generate revenue. Unfortunately, the document is unclear on the design of the tax and clarity is required on a number of issues, *inter alia*:

- GHG emission data as the basis of the tax;
- Clear identification of sectors to which specific rebates will apply;
- Phasing approach;
- Calculations of the rebates;
- Provision for offsets;
- Recycling of revenue generated from the tax; and
- Relationship between tax and other regulatory instruments to reduce GHG emissions.

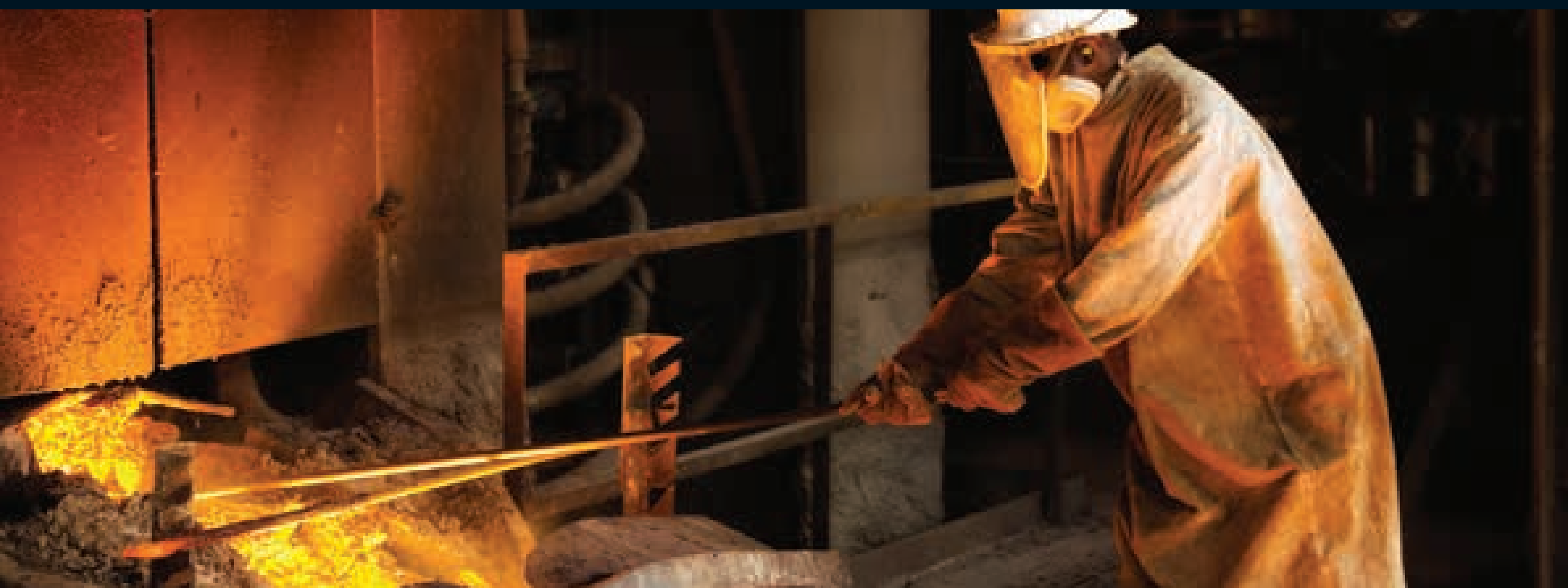
The Chamber has submitted comments on the Policy Paper to National Treasury and has indicated its willingness to engage with Treasury with a view to reaching agreement on the most appropriate formulation of the carbon tax.

The Chamber Compact

During 2012 the Chamber developed a membership compact which defines what constitutes acceptable behaviour by a member and requires members, both current and prospective, to comply with the standards and values enunciated in the compact in order to remain a member in good standing with the Chamber.

The purpose of the compact is to enhance the credibility of the Chamber and the mining industry and ensure that the Chamber is regarded as a valued socially responsible role-player whose interests are aligned with the national objectives for sustainable development and the growth of the South African economy.

The membership compact was approved by Council in March 2013 and became effective on 1 April 2013. Existing members have one year from the effective date within which to comply with the provisions of the membership compact. New members of the Chamber will have one year to comply calculated from the date of their admission post-1 April 2013.



CHAMBER OF MINES OF SOUTH AFRICA

AUDITED FINANCIAL STATEMENTS

for the 18-month period ended 31 December 2012

CONTENTS

COUNCIL'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Council of the Chamber of Mines of South Africa (hereafter the "Chamber") is responsible for the maintenance of adequate accounting records and preparation and integrity of the audited financial statements for the 18-month period ended 31 December 2012.

The Chamber has changed its year-end from 30 June of each year to 31 December of each year. The audited financial statements were prepared for the 18-month period ended 31 December 2012.

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The Chamber's independent external auditors, Deloitte & Touche, have audited the financial statements and their unmodified audit report appears on page 73.

The financial statements have been prepared on a going concern basis. Nothing has come to the attention of the Council to indicate that the Chamber will not remain a going concern for the foreseeable future.

APPROVAL OF AUDITED FINANCIAL STATEMENTS

The financial statements as set out on pages 74 to 87 were approved by the Council on 10 July 2013 and are signed on their behalf by:

Mr M Cutifani
President

Mr BL Sibiya
Chief executive

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHAMBER OF MINES OF SOUTH AFRICA

We have audited the financial statements of Chamber of Mines of South Africa set out on pages 74 to 87, which comprise the balance sheet as at 31 December 2012, and the income statement, statement of changes in equity and cash flow statement for the 18 months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chamber of Mines of South Africa as at 31 December 2012, and its financial performance and its cash flows for the 18 months then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

Deloitte & Touche
Registered Auditor

Per: **AJ Zoghby**
Partner

10 July 2013

BALANCE SHEET

at 31 December 2012

	Notes	2012 R	2011 R
ASSETS			
Non-current assets			
Equipment	1	**620 947**	601 825
Other investments		**294 699**	348 057
Investments	2	**19 505 656**	23 270 959
		20 421 302	24 220 841
Current assets			
Accounts receivable	3	**20 289 261**	28 333 672
Bank and cash	4	**10 663 355**	16 450 798
		30 952 616	44 784 470
Total assets		**51 373 918**	69 005 311
FUNDS AND LIABILITIES			
Funds			
Accumulated funds		**6 521 247**	6 521 247
Project funds	5	**23 286 593**	27 051 896
		29 807 840	33 573 143
Current liabilities			
Accounts payable	6	**17 721 262**	31 586 067
Short-term loan	7	**3 844 816**	3 846 101
		21 566 078	35 432 168
Total funds and liabilities		**51 373 918**	69 005 311

INCOME STATEMENT

for the 18-month period ended 31 December 2012

	Notes	18 months ended 31 December 2012 R	12 months ended 30 June 2011 R
Revenue	8	**114 130 935**	50 464 840
Other income	9	**13 773 237**	5 646 608
Administrative and operating costs	10	**(129 684 699)**	(57 061 410)
Deficit before depreciation		**(1 780 527)**	(949 962)
Depreciation		**(324 883)**	(334 936)
Operating deficit		**(2 105 410)**	(1 284 898)
Interest income		**2 105 410**	1 284 898
Project income	5	**11 795 000**	20 850 000
Additional project income		**5 432 255**	–
Project expenditure	5	**(20 992 558)**	(21 630 661)
Decrease in project funding		**(3 765 303)**	(780 661)

CASH FLOW STATEMENT

for the 18-month period ended 31 December 2012

	Notes	18 months ended December 2012 R	12 months ended 30 June 2011 R
Cash flows from operating activities			
Net cash (outflow)/inflow from operating activities	11	**(11 314 151)**	2 793 601
Cash (utilised in)/generated by operating activities		**(11 314 151)**	2 793 601
Cash flows from investing activities			
Additions to equipment		**(344 005)**	(36 181)
Investment income		**2 105 410**	1 284 898
Decrease/(increase) in investments		**3 765 303**	(347 081)
Net cash inflow from investing activities		**5 526 708**	901 636
Net movement in cash and cash equivalents		**(5 787 443)**	3 695 237
Cash and cash equivalents at the beginning of the period		**16 450 798**	12 755 561
Cash and cash equivalents at the end of the period	4	**10 663 355**	16 450 798

STATEMENT OF CHANGES IN EQUITY

for the 18-month period ended 31 December 2012

	Note	Project funds R	Accumulated funds R	Total funds R
Restated balance at 1 July 2010		27 832 557	6 521 247	34 353 804
Decrease in project funding for the year		–	(780 661)	(780 661)
Transfer from project funds		(780 661)	780 661	–
Balance at 30 June 2011		**27 051 896**	**6 521 247**	**33 573 143**
Decrease in project funding for the period		**–**	**(3 765 303)**	**(3 765 303)**
Transfer from project funds		**(3 765 303)**	**3 765 303**	**–**
Balance at 31 December 2012	5	**23 286 593**	**6 521 247**	**29 807 840**

ACCOUNTING POLICIES

for the 18-month period ended 31 December 2012

ACCOUNTING POLICIES

The principal accounting policies and basis of accounts used are in all material respects consistently applied. The financial statements have been prepared in accordance with the historic basis, except for certain financial instruments which are stated at fair value.

Revenue recognition

Revenue represents contributions from members, administration fees and interest income. Contributions are recognised when invoiced and consist of contributions for operating costs and capital expenditure, collected in line with the yearly approved budget. Administration fees are earned in respect of services provided to associated entities.

Interest income is accrued on an effective yield basis.

Project income

Project income represents contributions from members for specific projects.

Project expenditure

Project expenditure relates to expenditure incurred on projects approved by the Council.

Equipment

Equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method so as to write off the cost of each asset less its residual value over its estimated useful life.

The rates of depreciation used are:

Motor vehicles	5 years
Computer equipment	3 years
Furniture and fittings	5 years

Investments

Unlisted investments comprise shares in related companies and are stated at cost. Other investments comprise monies invested to fund liabilities and projects which are stated at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits. The carrying amounts of these assets approximate fair value. Credit risk is limited as the counter-parties are financial institutions with high credit ratings.

Financial instruments

Financial assets and financial liabilities are recognised on the Chamber's balance sheet when the Chamber has become a party to contractual provisions of the instruments.

Trade receivables and payables are stated at their nominal value. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

Retirement benefits

The policy of the Chamber, subject to the rules of the Chamber of Mines Retirement Fund, is to provide retirement benefits for its employees. Payments to the defined contribution fund are expensed as they fall due.

The Chamber of Mines does not have a post-retirement medial aid liability as this liability has been fully funded.

Other investments

Other investments consist of gold coins and medallions. These investments are valued at the lower of cost or net realisable value.

Management judgements

In the process of applying the Chamber accounting policies, the most significant judgements made by management relate to the following:

- revaluation of the useful lives and residual value estimations of assets; and
- the bad debt provision.

Impairment

An annual impairment review of assets is carried out by comparing the net book value of the assets with their recoverable amount. Recoverable amounts are based on the higher of the value in use and the fair value less costs to sell. Value in use is determined by applying a discount rate to the anticipated pre-tax cash flow for the remaining useful life of the asset.

Where the recoverable amount is less than the net book value, the impairment is charged against income to reduce the carrying amount of the affected assets to recoverable amounts. The revised carrying amounts are amortised on a systematic basis over the remaining useful life of such affected assets.

Provisions

Provisions are recognised where the Chamber has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an overflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

New and revised standards in issue not yet adopted

At the date of authorisation of these financial statements, the following new and revised standards and/or amendments to the standards were in issue but not yet effective:

	Effective date
IFRS 1 (AC 138) – First-time Adoption of International Financial Reporting Standards	31 December 2013
IFRS 7 (AC 144) – Financial Instruments: Disclosures	31 December 2013
IFRS 9 (AC 146) – Financial Instruments	31 December 2013
IFRS 10 – Consolidated Financial Statements	31 December 2013
IFRS 11 – Joint Arrangements	31 December 2013
IFRS 12 – Disclosure of Interests in other Entities	31 December 2013
IFRS 13 – Fair Value Measurement	31 December 2013
IAS 1 (AC 101) – Presentation of Financial Statements	31 December 2014
IAS 19 (AC 116) – Employee Benefits	31 December 2013
IAS 27 (AC 132) – Consolidated and Separate Financial Statements	31 December 2013
IAS 28 (AC 110) – Investments in Associates and Joint Ventures	31 December 2013
IAS 32 (AC 125) – Financial Instruments Presentation	31 December 2013
IAS 34 (AC 127) – Interim Financial Reporting	31 December 2013

NOTES TO THE AUDITED FINANCIAL STATEMENTS

for the 18-month period ended 31 December 2012

	Cost R	Accumulated depreciation R	Net book value R
1. EQUIPMENT			
2012			
Motor vehicles	**622 389**	**459 814**	**162 575**
Computer equipment	**1 310 036**	**1 129 678**	**180 358**
Furniture and fittings	**818 587**	**540 573**	**278 014**
	2 751 012	**2 130 065**	**620 947**
2011			
Motor vehicles	873 097	686 877	186 220
Computer equipment	1 181 611	957 612	223 999
Furniture and fittings	619 429	427 823	191 606
	2 674 137	2 072 312	601 825

	Motor vehicles R	Computer equipment R	Furniture and fittings R	Total R
2012				
Reconciliation of movement:				
Net book value at the beginning of the period	**186 220**	**223 999**	**191 606**	**601 825**
Additions	**16 422**	**128 426**	**199 157**	**344 005**
Depreciation	**(40 067)**	**(172 067)**	**(112 749)**	**(324 883)**
Net book value at the end of the period	**162 575**	**180 358**	**278 014**	**620 947**
2011				
Reconciliation of movement:				
Net book value at the beginning of the period	695 972	52 085	152 523	900 580
(Disposals) additions	(291 991)	229 849	98 323	36 181
Depreciation	(217 761)	(57 935)	(59 240)	(334 936)
Net book value at the end of the period	186 220	223 999	191 606	601 825

		2012 R	2011 R
2.	**INVESTMENTS**		
	Rand Mutual Assurance Company Limited		
	4 shares at R20 each (2011: 4 shares at R20 each)	**80**	80
	Executive valuation of R80 (2011: R80)		
		80	80
	Term deposits		
	Disaster Relief Fund	**–**	740 000
	State of the Environment	**1 194 325**	–
	Mining Vision 2030	**1 425**	–
	Long Service Award Scheme	**250 000**	–
	Amendments to the MPRD and MHSA and related legislation	**280 000**	–
	TB and HIV/AIDS Advocacy	**374 344**	–
	COM Certificate Administration	**2 201 755**	–
	Museum	**803 400**	–
	Monument Project	**332 374**	–
	Improving Representation of Chamber of Mines	**1 406 250**	–
	Health and Safety: Section 54s	**1 000 000**	–
	Setting of Water Conservation and Demand Management Targets for the Mining Sector	**553 125**	–
	Stakeholder Engagement Project	**185 878**	–
	Health and Safety: Implementation of Mining Charter	**137 719**	–
	Epidemiology Study for Former Mine Workers	**4 864 624**	10 144 362
	Generic Water Conservation	**163 232**	340 040
	Mining Industry Occupational Safety and Health Project (MOSH)	**–**	4 378 301
	Guidelines on Environmental Management in Mining	**6 900**	248 400
	Creation of Bargaining Council	**773 457**	387 423
	Subvention of Salaries	**758 703**	3 107 586
	Review Guideline for Calculating the Quantum for Closure Costs	**700 000**	700 000
	Global Instruments on Climate Change	**–**	244 575
	Chamber Management Information System	**250 000**	250 000
	International Council on Mining and Metallurgy (ICMM)	**278 697**	278 697
	Information Pack on Mining Sensitive/Protected Areas	**300 000**	300 000
	Management of Acid Mine Drainage	**1 127 593**	863 231
	Creation of Development “Vehicle” for the Mining Industry	**337 834**	58 095
	ODMWA	**993 392**	480 169
	Financial Assistance with Ownership Element of Mining Charter	**230 549**	250 000
	MBOD/CCOD	**–**	500 000
		19 505 656	23 270 959
3.	**ACCOUNTS RECEIVABLE**		
	Accounts receivable – members	**17 403 023**	27 086 552
	Accounts receivable – non-members	**1 782 251**	1 995 186
	Total accounts receivable	**19 185 274**	29 031 738
	Other receivables	**2 515 485**	41 107
		21 700 759	29 122 845
	Less: Provision for doubtful debts	**(1 411 498)**	(789 173)
		20 289 261	28 333 672

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

for the 18-month period ended 31 December 2012

			2012 R	2011 R
4.	**BANK AND CASH**			
	Bank and cash		**4 250 447**	8 738 058
	Cash on call		**25 918 485**	30 983 619
	Amounts classified under investments		**(19 505 577)**	(23 270 879)
	Bank and cash		**10 663 355**	16 450 798

		R	2012 R	2011 R
5.	**PROJECT FUNDS**			
	Disaster Relief fund		**–**	740 000
	State of the Environment		**1 194 325**	–
	Balance as at 30 June 2011	–		
	Received	1 300 000		
	Expenditure	(105 675)		
	Balance as at 31 December 2012	1 194 325		
	Epidemiology Study for Former Mine Workers		**4 864 624**	10 144 362
	Balance as at 30 June 2011	10 144 362		
	Expenditure	(5 279 738)		
	Balance as at 31 December 2012	4 864 624		
	Chamber Management Information System		**250 000**	250 000
	Balance as at 30 June 2011	250 000		
	Expenditure	–		
	Balance as at 31 December 2012	250 000		
	Project funding recovery		**3 781 017**	3 781 017
	Balance as at 30 June 2011	3 781 017		
	Expenditure	–		
	Balance as at 31 December 2012	3 781 017		
	This amount primarily relates to the recovery from the Chamber's insurers, of irregular expenditure that occurred in previous financial years. This funding recovery will be utilised for future projects.			
	Generic Water Conservation		**163 232**	340 040
	Balance as at 30 June 2011	340 040		
	Expenditure	(176 808)		
	Balance as at 31 December 2012	163 232		
	Global Instruments on Climate Change		**–**	244 575
	Balance as at 30 June 2011	244 575		
	Expenditure	(244 575)		
	Balance as at 31 December 2012	–		
	Information Pack on Mining Sensitive/Protected Areas		**300 000**	300 000
	Balance as at 30 June 2011	300 000		
	Expenditure	–		
	Balance as at 31 December 2012	300 000		

		R	2012 R	2011 R
5.	**PROJECT FUNDS (continued)**			
	International Council on Mining and Metallurgy (ICMM)		**278 697**	278 697
	Balance as at 30 June 2011	278 697		
	Expenditure	–		
	Balance as at 31 December 2012	278 697		
	Stakeholder Engagement Project		**185 878**	–
	Balance as at 30 June 2011	–		
	Received	260 000		
	Expenditure	(74 122)		
	Balance as at 31 December 2012	185 878		
	Health and Safety: Implementation of Mining Charter		**137 719**	–
	Balance as at 30 June 2011	–		
	Received	200 000		
	Expenditure	(62 281)		
	Balance as at 31 December 2012	137 719		
	Management of Acid Mine Drainage		**1 127 593**	863 231
	Balance as at 30 June 2011	863 231		
	Received	800 000		
	Expenditure	(535 638)		
	Balance as at 31 December 2012	1 127 593		
	Review Guideline for Calculating the Quantum for Closure Costs		**700 000**	700 000
	Balance as at 30 June 2011	700 000		
	Expenditure	–		
	Balance as at 31 December 2012	700 000		
	Subvention of salaries		**758 703**	3 107 586
	Balance as at 30 June 2011	3 107 586		
	Received	1 500 000		
	Expenditure	(3 848 883)		
	Balance as at 31 December 2012	758 703		
	Mining Industry Occupational Safety and Health Project (MOSH)		**–**	4 378 301
	Balance as at 30 June 2011	4 378 301		
	Expenditure	(4 378 301)		
	Balance as at 31 December 2012	–		
	Guidelines on Environmental Management in Mining		**6 900**	248 400
	Balance as at 30 June 2011	248 400		
	Expenditure	(241 500)		
	Balance as at 31 December 2012	6 900		
	Creation of the Bargaining Council		**773 457**	387 423
	Balance as at 30 June 2011	387 423		
	Received	500 000		
	Expenditure	(113 966)		
	Balance as at 31 December 2012	773 457		

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

for the 18-month period ended 31 December 2012

		R	2012 R	2011 R
5.	**PROJECT FUNDS (continued)**			
	Financial Assistance with Ownership Element of Mining Charter		**230 549**	250 000
	Balance as at 30 June 2011	250 000		
	Expenditure	(19 451)		
	Balance as at 31 December 2012	230 549		
	Creation of Development "Vehicle" for the Mining Industry		**337 834**	58 095
	Balance as at 30 June 2011	58 095		
	Received	500 000		
	Expenditure	(220 261)		
	Balance as at 31 December 2012	337 834		
	CEO Round Table		**–**	–
	Balance as at 30 June 2011	–		
	Received	575 000		
	Expenditure	(575 000)		
	Balance as at 31 December 2012	–		
	ODMWA		**993 392**	480 169
	Balance as at 30 June 2011	480 169		
	Expenditure written back	513 223		
	Balance as at 31 December 2012	993 392		
	MBOD/CCOD		**–**	500 000
	Balance as at 30 June 2011	500 000		
	Expenditure	(500 000)		
	Balance as at 31 December 2012	–		
	Mining Vision: 2030		**1 425**	–
	Balance as at 30 June 2011	–		
	Received	600 000		
	Expenditure	(598 575)		
	Balance as at 31 December 2012	1 425		
	Long Service Award Scheme		**250 000**	–
	Balance as at 30 June 2011	–		
	Received	250 000		
	Balance as at 31 December 2012	250 000		
	Amendments to the MPRD and MHSA and related legislation		**280 000**	–
	Balance as at 30 June 2011	–		
	Received	280 000		
	Balance as at 31 December 2012	280 000		
	TB and HIV/AIDS Advocacy		**374 344**	–
	Balance as at 30 June 2011	–		
	Received	730 000		
	Expenditure	(355 656)		
	Balance as at 31 December 2012	374 344		

		R	2012 R	2011 R
5.	**PROJECT FUNDS (continued)**			
	COM Certificate Administration		**2 201 755**	–
	Balance as at 30 June 2011	–		
	Received	200 000		
	Additional income*	3 582 255		
	Expenditure	(1 580 500)		
	Balance as at 31 December 2012	2 201 755		
	Museum		**803 400**	–
	Balance as at 30 June 2011	–		
	Received	1 000 000		
	Expenditure	(196 600)		
	Balance as at 31 December 2012	803 400		
	Monument Project		**332 374**	–
	Balance as at 30 June 2011	–		
	Received	600 000		
	Expenditure	(267 626)		
	Balance as at 31 December 2012	332 374		
	Improving Representation of Chamber of Mines		**1 406 250**	–
	Balance as at 30 June 2011	–		
	Received	600 000		
	Additional income*	1 850 000		
	Expenditure	(1 043 750)		
	Balance as at 31 December 2012	1 406 250		
	United Nations Convention on Climate Change (COP17)		**–**	–
	Balance as at 30 June 2011	–		
	Received	300 000		
	Expenditure	(300 000)		
	Balance as at 31 December 2012	–		
	Health and Safety: Section 54s		**1 000 000**	–
	Balance as at 30 June 2011	–		
	Received	1 000 000		
	Balance as at 31 December 2012	1 000 000		
	Setting of Water Conservation and Demand Management Targets		**553 125**	–
	Balance as at 30 June 2011	–		
	Received	600 000		
	Expenditure	(46 875)		
	Balance as at 31 December 2012	553 125		
			23 286 593	27 051 896
	Summary			
	Balance as at the beginning of the period		**27 051 896**	27 832 558
	Project income		**11 795 000**	20 850 000
	Additional project income*		**5 432 255**	–
	Project expenditure		**(20 992 558)**	(21 630 662)
	Balance at the end of the period		**23 286 593**	27 051 896

* *Additional income related to income from other sources, over and above the approved budget for the period recovered from members.*

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

for the 18-month period ended 31 December 2012

		2012 R	2011 R
6.	**ACCOUNTS PAYABLE**		
	Accounts payable – non-members	**14 465 771**	26 624 162
	Accruals	**3 255 491**	4 961 905
		17 721 262	31 586 067
7.	**SHORT-TERM LOAN**		
	Chamber of Mines Building Company Proprietary Limited	**3 844 816**	3 846 101
	This loan is unsecured, interest-free and payable on demand.		

		18 months ended 31 December 2012 R	12 months ended 31 December 2011 R
8.	**REVENUE**		
	Contribution from members	**114 130 935**	50 464 840
9.	**OTHER INCOME**		
	Administration fees	**3 119 606**	1 863 919
	Other income	**10 653 631**	3 782 689
		13 773 237	5 646 608
10.	**ADMINISTRATIVE AND OPERATING COSTS**		
	Auditors' remunerations	**417 400**	289 760
	– Current	**417 400**	289 760
	Staff costs	**93 205 987**	41 531 574
	Operating costs	**36 061 312**	15 240 076
		129 684 699	57 061 410

		18 months ended 31 December 2012 R	12 months ended 30 June 2011 R
11.	**RECONCILIATION OF INCREASE IN PROJECT FUNDING FOR THE PERIOD TO NET CASH FLOW FROM OPERATING ACTIVITIES**		
	Decrease in project funding for the period	**(3 765 303)**	(780 661)
	Adjustment for:		
	Depreciation	**324 883**	334 936
	Interest received	**(2 105 410)**	(1 284 898)
	Operating funding before working capital changes	**(5 545 830)**	(1 730 623)
	Working capital changes		
	Decrease/(increase) in accounts receivable	**8 044 411**	(9 352 535)
	(Decrease)/increase in accounts payable	**(13 864 805)**	13 846 594
	Decrease in loans	**(1 285)**	(1 841)
	Decrease in other investments	**53 358**	32 006
		(5 768 321)	4 524 224
	Net cash (outflow)/inflow from operating activities	**(11 314 151)**	2 793 601

12. FINANCIAL INSTRUMENTS

The organisation's non-derivative instruments consist of cash deposits with banks, accounts receivable and payable and loans from group companies.

Currency risk management

The organisation is not exposed to currency risk, other than the translation of its foreign bank account balance.

Categories of financial instruments

The financial assets of the Chamber consist of investments, accounts receivable and cash and cash equivalents. These are considered loans and receivables for both 2012 and 2011 financial periods. The financial liabilities consist of accounts payables (excluding accruals) and short-term loans. These are considered financial liabilities at amortised cost for both 2012 and 2011 financial periods.

Interest rate risk management

The organisation adopted a policy of regularly reviewing interest rate exposure and maintains both fixed and floating rate borrowings.

Credit risk management

Management has a credit risk policy in place and exposure to credit risk is monitored on an ongoing basis.

Provision is made for specific doubtful debts, and at the period-end management did not consider there to be any material credit risk exposure that was not provided against. Reputable financial institutions are used for investing and cash handling purposes.

The movement in provision for doubtful debts is analysed as follows:

	2012 R	2011 R
Balance at the beginning of the period	**(789 173)**	(509 555)
Provision increase for the period	**(622 325)**	(279 618)
	(1 411 498)	(789 173)

Fair values

The carrying value amounts of the financial assets and liabilities carried on the balance sheet approximate their values at the end of the period.

Capital risk management

The Chamber manages their capital to ensure they will be able to continue as a going concern. The capital structure consist mainly of accumulated and project funds.

13. EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of signing the financial statements, there were no significant or material post-balance sheet events which would require adjustments to or disclosure in the financial statements.

14. TAXATION

The Chamber of Mines of South Africa is exempt under section 10(1)(d) of the Income Tax Act.

ABBREVIATIONS

ABET	Adult basic education and training
ASGISA	Accelerated Shared Growth Initiative for South Africa
ATR	Annual Training Report
BBBEE	Broad-based black economic empowerment
BRIC	Brazil, Russia, India and China
BUSA	Business Unity South Africa
Capex	Capital expenditure
CDO	Collateralised Debt Obligation
CPIX	Consumer price index
DEAT	Department of Environmental Affairs and Tourism
DME	Department of Minerals and Energy
DOF	Direct-on-filter
DWAF	Department of Water Affairs and Forestry
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest taxes, amortisation and dividends
ECSA	Engineering Council of South Africa
EIA	Environmental Impact Assessment
ETFs	Electronically traded funds
ETQA	Education and training quality assurer
FFR	Fatality frequency rate
FLC	Foundational Learning Certificate
FOB	Free on board
FOR	Free on rail
FSU	Former Soviet Union
GDP	Gross domestic product
ICMM	International Council on Mining and Metals
IDEX	International Diamond Exchange
IFR	Industries Forum on Radiation
ILO	International Labour Organisation
IPP	Independent power producers
IR	Infra-red
IUCN	The World Conservation Union
JIPSA	Joint Implementation on Priority Skills Acquisition
JSE	Johannesburg Securities Exchange
MDA	Mineworkers Development Agency
MEM	Mine environment management
MESDA	Mining Industry Employment and Skills Development Agency
MIASA	Mining Industry Associations of Southern Africa
MHSA	Mine Health and Safety Act
MHSC	Mine Health and Safety Council
MMDB	Mining and Minerals Development Board
MOSH	Milestones on Occupational Safety and Health
MPRDA	Mineral and Petroleum Resource Development Act
MQA	Mining Qualifications Authority
MRS	Mine Rescue Services
MYPD	Multi-Year Price Determination
NBI	National Business Initiative
NC(V)	National Certificate (Vocational)
NEMA	National Environmental Management Act
NEM-AQA	National Environmental Management: Air Quality Act
NEPAD	New Economic Partnership for Africa's Development
NERSA	National Energy Regulator of South Africa
NERT	National Electricity Response Team
NGO	Non-governmental organisation
NIOSH	National Institute of Occupational Safety and Health of the United States
NAFTA	North American Free Trade Agreement
NIP	National Infrastructure Plan
NNR	National Nuclear Regulator
NQA	National Qualification Framework
NSA	National Skills Authority
NSACE	National Stakeholder Advisory Council on Electricity
NSDS	National Skills Development Strategy
NUM	National Union of Mineworkers
OECD	Organisation for Economic Co-operation and Development
OEL	Occupational exposure limit
PDA	Personal digital assessments
Pgms	Platinum group metals
PMO	Programme Management Office
PwC	PricewaterhouseCoopers
QCTO	Quality Council for Trade and Occupation
RBCT	Richards Bay Coal Terminal
RCS	Respirable crystalline silica
REACH	Registration, Evaluation and Authorisation of Chemicals
ROW	Rest of World
SADC	Southern African Development Community
SAPS	South African Police Service
SARS	South African Revenue Service
SAQA	South African Qualifications Authority
SCEM	Standing Committee on Environmental Management
SDM	Sustainable Development through Mining
SIMRAC	Safety in Mines Research Advisory Committee
TB	Tuberculosis
TFR	Transnet Freight Rail
THRIP	Technology for Human Resources in Technology Programme
UASA	United Association of South Africa
UNECA	United Nations Economic Commission for Africa
USGS	United States Geological Survey
US$	United States dollar
WISA	Water Institute of Southern Africa
WSP	Workplace Skills Place
YoY	Year-on-year
XRD	X-Ray diffraction

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