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Key Note Address - Bishop Jo Seoka

The debate on mining has reached an unparalleled level of interest and debate since our transition to a constitutional democracy. The question frequently asked is: Does mining lead to development or underdevelopment? The issue of who benefits and who loses is what we want to interrogate today. Listening to the communities, it is apparent that the vast majority of their people have experienced mining as a disaster. These are forgotten people, voiceless, discarded, left on the scrap heaps of dead mines, without effective recourse to justice. The “have nots”, people with nothing, versus the “haves” whose interest is profit taking and not giving. So we hear more voices saying that as long as they continue being treated sub-humanly, their dignity violated and not respected, they will call and advocate to keep God-given minerals in the grounds. They are determined to rise up and no longer accept the scrapheaps they live in and have their land and its wealth stolen under false pretexts of development.

Debate on mining

Mining is a very difficult subject to discuss in today’s South Africa, never mind at the continental level. Mining in South Africa and in the continent is experienced by communities as the opposite of what it is meant to be. Mining is usually portrayed as investment for development, source of jobs and a contributor to GDP. It is seen as the holy cow of economics and sacrosanct. Not to be questioned or challenged, in spite of the fact that hundreds of thousands of poor people live in abject poverty because of loss of arable land, livelihoods, aggravating health conditions, cultural and social upheaval, all of which manifest itself in unemployment and pushes poor communities to the margins of society.

The challenge presented by mining would not be insurmountable if mining would contribute to a sustainable society. Allow me to briefly explain what we mean by a sustainable society. Our understanding of sustainability is of giving people access to livelihoods, freedom of choice in economic activities and a healthy environment that contributes to the quality of life. It must benefit communities and contribute to evenly developed economies which in turn spreads benefits to a wider society. Sadly, our observation is that this is not the reality of mining. Thus today we support questions of the communities on the purpose of mining. Our theme, ‘Mining- Development or Disaster?’, explores this understanding of mining from the perspective of communities, poor people, those who are most negatively impacted on and we ask a profound question as to who is really gaining?

Mining across the world is suffering a crisis of legitimacy for two simple reasons. Firstly, because of its negative impact on climate change through air pollution, water scarcity and contamination. And secondly for its great cost on communities and rural life styles which gives rise to serious health

concerns. Africa has an extractive economic model, with South Africa, which once had a proud record of manufacturing stemming from mining, now importing 80% of mining machinery and exporting 80% of its gold and platinum refining, whilst having little local manufacturing capacity where the true value of mining is realised.

SADC and Mining

Africa has a history of conflict over minerals and SADC is the region in the world most dependent on mining. To illustrate this fact, we must look at following countries of SADC which are completely dependent on mining; Zambia is dependent on copper and Botswana is dependent on diamond exports. Both of these countries are considered to be completely dependent on mineral resources. The DRC is largely dependent on copper, cobalt and coltan exports, while Angola is largely dependent on the revenues it derives from the export of oil and Zimbabwe depends on platinum and recently diamond extraction.

Given the reality of the mineral wealth of these countries, they should have a very high standard of living. On the contrary, the region with the highest mineral wealth on the planet is also the region whose people live in abject poverty, with the highest rates of HIV/Aids infections, the highest incidence of tuberculosis, the highest levels of silicosis (a disease associated directly with mining), malaria, and bilharzia. Despite its mineral resources, the SADC region has the worst wealth and poverty gap on the planet. While a few are extremely rich, the vast majority of people in SADC are desperately poor, as reflected in high unemployment, homelessness, crime and corruption.

Notwithstanding, those who benefit from mining tell us to appreciate the development that we have around us, such as modern buildings, roads, cell phones, motor vehicles jewellery, heart pacemakers and industrial processes. This is indeed true, but what is not mentioned is the serious divide in society to which mining contributes. While the glitter of mining production is realised in the North, the South suffers poverty. Communities suffer serious health concerns, livelihood impacts, loss of water, and infringement of all the basic rights enshrined in International UN Charters.

Of course we cannot lump all mining together, and need to distinguish between, say coal and platinum and the usages thereof. But we must recognise that all mining impacts local communities in a negative way. Platinum can be steered in a direction that benefits South Africa if only we refined more than the 15% we presently do, and explored its uses, such as fuel development cells, catalytic converters and jewellery making. Coal on the other hand is causing immense damage to our air and water, land and food security and most of all on people, for short-term wealth created for only a few. Coal extraction can no longer be justified.

We would love to stand here today and tell you the good news of mining but instead have only bad news to share with you. Bench Marks Foundation has over 100 community monitors in 40 mining communities in South Africa, with a reach into Botswana, Zambia, Tanzania, Zimbabwe, Kenya, and Mozambique. A common theme that we hear all the time is that “mining is destroying our environment, our people are suffering and no one is listening”. Promises, such as to create jobs, are made by mining houses, but we see growing unemployment around mining areas, underdevelopment of community, air and water pollution, cracking houses and sick people. They say with one voice, “We don’t want mining. We are not consulted or listened to.” Our findings are that mines don’t do proper human rights and social due diligent impact assessments but continue to operate without water licences when we are told that they have water problems.

Ten years of Bench Marks Foundation reports, the Policy Gap series, show that mining pretends to be doing good in communities, whereas its story is mostly fiction. Our Policy Gap studies have

exposed the so called intentions written down on paper versus the actual reality. To date mining houses have not disputed our findings but is quick to question certain portions that make them uncomfortable. The reality is that communities complaining that dust contaminated with poisonous materials is getting into their clothes and, most dangerous of all, their lungs. Bad roads, dust from haulage, livestock deaths, polluted air, contaminated water, unauthorised mining activities, absence of water licenses and or environmental management plans – these are just some of the complaints we hear. Our community monitors report sink holes into which children fall, fire combustion, blasting and generally situations that are becoming increasingly intolerable.

The corruption of tribal chiefs and local authorities, political beneficiaries, and the close alignment of government officials with mining undermines human rights while at the same time, others benefit enormously. Our democratic institutions are being undermined by self-serving interest and lack of political will to ensure responsible mining practices. The corrupt relation between mining and government and those that line their pockets do so at the expense of vulnerable people who need an impartial government. But when the ruling elite and its president are interested parties, how can we really have anything else but disaster?

The narratives propagated by mines are misleading in that they speak of production in terms of sustainable development. This misinforms the public and investors at large. Language such as “we promote zero harm to the environment, abide by the highest environmental standards, promote economic development in our communities and bring benefits, jobs and taxes into the country”, are regrettably far from the truth.

As long as the industry is built on the profit motive, extracting for profits and short term gain at the expense of communities and society as a whole, we are slowly but surely walking to our death. Sustainable development and profit-taking do not go together. Profit kills and capital is too powerful while society is too weak. All this is compounded by government’s conflicting interests in the sector. We are told to look at Johannesburg, a city built from gold - but far away, in remote rural areas in South Africa, formally Bantustan areas, all we see is disaster.

Given the above scenario, we must ask questions such as: Can corporations, particularly mining, really promote sustainable development? Can they act responsibly with the interest of the community at heart? Can they distribute wealth generated in an equitable manner? Captains of industries can argue that they can do so, but people who have the lived experience tell a different story. It is not possible because the corporation, they argue all the time, has a legal duty to serve shareholders interest, at any cost. Milton Friedman is correct when he says the only time management can do good is when it serves shareholders’ interests. He says it is immoral to do otherwise. This kind of thinking implies that “Corporate Social Responsibility is thus illegal - at least when it is genuine.” The law dictates that the corporation must pursue its own self-interest, which is shareholder interest. No mention is made of responsibility to the public or common good. This is so because it would appear that the corporation is a legally designated “person” designed to put self-interest first, and to ignore the moral constraints.

This is best illustrated by Sir John Brown of BP, the great environmentalist who said, “Beyond Petroleum.” Clever words, but he was later confronted with prospecting in the Arctic where aboriginals have lived off the land for 20 000 years, and prospecting would destroy their existence as well as their Porcupine caribou herd. Brown was forced by international law to pursue profits above people and the environment. Even though he supported the precautionary principle, an international principle that enjoins activities that could irreversibly harm people or the environment, even if there is no definitive proof that harm will occur, Brown nevertheless proceeded with drilling.

The WTO acts a buffer against stringent laws that countries might enact to ensure responsible business conduct. They even have a complaints mechanism should a country enact obligations other than profit-making, for example, environmental standards. It can be said that the United Nations has failed in its effort to regulate multinationals and so has the struggle to get binding regulations from the 1970s as business continues to lobby groups for voluntary approaches. Taking this into consideration BMF believes that the only time the big business will do the right thing is when the issues confronting them become a risk, because for business, corporate responsibility is risk management and public relations tool and nothing more can be expected.

Therefore, our suggestion is that we should not only be targeting mining but the audit and financial sector too, because the audit sector validates companies while the financial sector promotes mining and not adhering to sustainable development dictates. In addition, business-friendly Fitch and other rating agencies rate us on the basis of the investment climate. Very few social, economic and environmental considerations are taken into consideration because it bases its finding on business-friendly perceptions without consideration of the impacts. Business friendly environment entails low taxes, little red tape, such as strong environmental regulations.

South Africa has the highest rate of inequality in the world, whether in income, housing, health, water access, land and livelihoods. If we try to really get business to do things differently, we will get a negative downgrade. So how far has South Africa progressed in 22 years of democracy? We know that things are getting worse as corporate interests supersede those of society. Lonmin was a prime example, as worker grievances were ignored and instead 34 workers were killed in one day to get them back to production, no matter that they were protesting over human dignity, respect and a meaningful existence.

The social safeguards put in place in South Africa in the form of social and labour plans do not work. Money goes missing, monitoring of progress is just about non-existent and who is responsible for implementation is not clear. We also need to ask how much percentage is it of profits and in relation to top executive remuneration. From what we see it is a minimum programme and does not address the real needs of communities.

The profit takers are not the profit makers. Yet the IMF (International Monetary Fund) found that South Africa's non-financial returns on investment are high, ranking SA third among 19 developing countries, and with Paul Whitburn estimating a 14% return on investment against a global average of 8%. So something is very wrong. Illicit financial flows, estimated at 20% of GDP, are huge. Global Financial Integrity put the mining sector in the lead when it comes to trade miss-invoicing, finding South Africa with the highest illicit capital export. In 2012, illicit capital outflows amounted to R300bn or close to 10% of GDP. Price transference also takes place, and AIDC report shows how this takes place between company branches to shell companies in low tax jurisdictions, depleting funds for wages. This is an area needing further investigation as we are only touching the surface.

The dominant form this takes is under-invoicing exports and over-invoicing imports. In 2011, South Africa lost R237 billion that could have built 18 million RDP houses, created 6.6 million youth jobs, or funded 1.1 million student scholarships.

New models of socialisation of mining by removing profit from the equation allow us to begin a new debate. Let us say we removed the short-termism where profits must always rise, but at a huge social cost to society, how could mining then benefit people and countries? Perhaps we need models that give community ownership, where surpluses made are reinvested, and excess distributed for community development. And build manufacturing capacity to realise the wealth that is now leaving

our shores to rather benefit Africa. In the case of platinum, it is an excellent alternative clean energy source and could be used to address our energy crisis.

We are in a crisis, and mining is under immense pressure all over the continent. Not only is it taking an enormous toll on our people, undermining democracy, democratic institutions, and political life, it is just not helping to solve Africa's developmental needs. It is part of the problem and not the solution. The BMF believes that as country, we need political will to enforce binding regulations with strong implementation. We also advocate a rethink around mining models and fundamental change of the paradigm to one of a people-centred development and participatory approach. We strongly believe that this will only happen when people, that is, communities in which mining takes place, take ownership, distribute the benefits evenly and have a long-term plan of mining for people and development.

The Rt Rev Dr Jo Seoka

Chairperson – Bench Marks Foundation