



Ministry of Mines and Energy

**ADDRESS BY THE MINISTER OF MINES AND ENERGY, AT
THE ANNUAL GALA DINER OF THE CHAMBER OF MINES
OF NAMIBIA, SAFARI HOTEL WINDHOEK**

by

**Honourable Erkki Nghimtina, MP
MINISTER**

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Director of Ceremony

Honorable Ministers and Deputy Ministers,

Distinguished members of the Diplomatic corps,

Distinguished Managers of Mining Houses,

Distinguished Members of the Media,

Distinguished Guests,

Ladies and Gentlemen,

It is an honour for me to be here this evening to share with you this very important occasion, the Annual Gala Dinner of the Chamber of Mines. This is undoubtedly the biggest event with the largest gathering of the captains of the mining industry of our country, an industry that is the catalyst of Namibia's economic growth.

The year 2008 is proving to be a very difficult year for our country. Of course we had plenty of rain, which we all welcome, but the rain caused a lot of devastations particularly to the northern and northeastern regions, where the majority of our people live, leaving a trail of destruction of roads, school buildings, crop fields, just to mention but few.

Such destructions created a number of new challenges both to the state and the society at large. Such challenges include impassable roads, food insecurity and potential failure rate among the learners, putting pressure to the government to find resources to carry out rehabilitation work. The Government is looking at possible options to address the challenges, including but not limited to seeking assistance from our mining industry.

Our gathering here tonight comes at the backdrop of the exorbitant rising oil prices that is conversely affecting food prices and impacting on global food security, causing civil strifes and suffering to our people. At the national level, raising oil price, a vital input component into our production, is putting a strain on individuals and corporate income with the potential to adversely affect profitability and slowing down economic growth.

Of course, we see in newspapers of recent that Namibia is sitting on oil, but none of the oil exploration companies has yet reported exploitable oil. However, we are hopeful that a discovery is reported in the near future.

Director of Ceremony,
Ladies and Gentlemen,

Mining continue to be the backbone of the Namibian economy and despite the relative growth of other sectors, the industry is still a major pillar of the economy - contributing disproportionately towards state revenue earnings through the payment of royalties and taxes, as well as through employment generation. It is against this background that our Ministry continues to work hard to ensure maintenance of a stable and competitive fiscal and legislative environment within which your business can thrive and also attract new capital injection for expansion and sustainability of the industry.

However, it is disheartening to note that, after the Chamber of Mines and the Ministry reached an agreement on the applicability of the Government Notice of 2006 imposing payment of royalties by mining companies, there are still a few companies that continue to defy the directive. In this respect I would like to urge them to start paying not later than today.

On the issues of value addition, we all know that Namibia is among the countries toping the list in exporting its minerals in a raw form. It is a fact that mineral beneficiation is relatively a new

concept in Namibia. However, these infant beneficiation projects require the support of all stakeholders.

To this end my Ministry plans to consult with the Ministry of Trade and Industry to bring together the stakeholders in order to put to an end this practice by defining a compulsory percentage of raw minerals to be made available to the beneficiation projects.

This is not a new concept; it is already at work in the diamond cutting and polishing industry.

On the positive note, I would like to applaud the negotiation between the Government and the De Beers Group that resulted in an agreement to establish Namibia Diamond Trading Company, (NDTC). NDTC came into operation late last year and has already made available rough diamonds to the local factories. Subsequent to this NDTC has paid a dividend amounting to N\$25 Million to the Government from its profit earnings.

The Government of the Republic of Namibia has recognized uranium as a strategic resource and therefore a need to develop a national policy and the legislative framework of the country. I am pleased to inform that the drafting of this policy is at advanced stage.

I recognize that listing to Stock Exchanges is a world business practice; however, we must be transparent to ourselves and the authority.

The shortage of qualified personnel in the industry is a challenge facing the world over, as such together we must draw up a programme towards skills development that is home grown and specific to our needs.

Some individuals or companies have been granted too many EPLs and I have noted with concern the lack of meaningful exploration progress. The time of holding and not developing such EPLs will come to an end soon. But for those that are developing all their EPLs they will obviously be recognized and eventually be rewarded accordingly.

Furthermore, the Ministry has noted with serious concern the growing trend of resorting to unnecessary time consuming and resource wastage in court litigations. You are our clients and we must seek to resolve any grievances or perceived grievances before engaging lawyers, some of whose interests are not necessarily in

line with our objectives. The other issue in relation to this is the reliance on the middlemen who are in the business to sustain their own survival. In this respect, I want to assure you that the doors of the Ministry are open and I encourage you to adopt and maintain an attitude of constructive dialogue.

Again, on dispute resolution, in the last two months, we witnessed two industrial actions and work stoppages at Rossing Uranium and Skorpion Zinc which is a departure from the state of peace and tranquility we have been enjoying in the past. In order to mitigate the effect the industrial action will have on our production, I urge both management and the Unions to dialogue and find peaceful resolution to the disputes. Let me also seize this opportunity to thank the two development partners, the two mining houses on one hand and the labour movement on the other for having reached an acceptable understanding that has led to the resumption of production.

Director of Ceremony,
Ladies and gentlemen,

Before I wind-up, let me point out to you that the Ministry is generally happy with the performance of the industry. I am

confident that we will continue to commit ourselves as a family to making a positive difference in our industry and in Namibia as a whole for the wellbeing of our stakeholders. As promised at the same event last year, I will continue to consult with you, either through the Chamber, or directly, whenever possible and particularly before implementing critical policy decisions that have a significant impact on your businesses.

I know that we are at critical point in as far as electricity power supply is concerned. The Southern African Region is faced with power shortage due to diminished generation capacity. However, I must inform you that, the Government, through its utility NamPower, will make every effort to ensure that the electricity supply to the industry is secured. I must also remind you that our law regarding power generation allows for Independent Power Producers.

In conclusion, I would like to reiterate that the doors of my Ministry are open, and I encourage constructive and direct dialogue, let us do away with middlemen and let us keep the culture of peaceful resolution of disputes. In addition, the Chamber is urged to keep the Ministry of Mines and Energy, as the custodian of the industry, informed of all developments pertaining

to health and safety, research and development and any other matter of interest, including any negotiations that has potential to have profound impact on the mining industry.

Let us continue to work in a spirit of smart partnership. Let us continue to build an industry in which all stakeholders are winners. Realize profits for your shareholders but also let the people of Namibia reap the benefits of their mineral heritage. Let me also remind this gathering that the Transformation Economic and Social Empowerment Framework is being drafted as a vehicle to empower our formally disadvantaged people. We shall keep you informed of further developments.

With these notes Ladies and Gentlemen, let me wish you a pleasant evening.

I thank you.