

**BUSINESS TIMES OP ED: REVIVING MINING AND EXPLORATION IN SOUTH AFRICA:  
WHAT CAN BE DONE?**

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Read the story online here: [HTTPS://WWW.BUSINESSLIVE.CO.ZA/BT/OPINION/2023-10-08-REVIVING-MINING-AND-EXPLORATION-IN-SOUTH-AFRICA-WHAT-CAN-BE-DONE/](https://www.businesslive.co.za/bt/opinion/2023-10-08-reviving-mining-and-exploration-in-south-africa-what-can-be-done/)

The business sector has stepped forward with critical interventions and assistance in three key areas that will unlock the economy and improve investor sentiment, but there must be a very clearly defined time frame for these programmes and an exit plan for business.

The Minerals Council through its membership of Business Unity South Africa and its operational arm, Business For South Africa, is playing a major role in stabilising the rapid deterioration of Transnet's rail and port performance, energy security, and addressing unacceptably high levels of crime and corruption.

Key mining executives, present and former, are included in leadership roles on behalf of business in engaging the Presidency, ministers and state-owned entity management.

However, while this co-operation and collaboration is slowly starting to show green shoots of progress, particularly on the energy platform, more urgency and progress are needed in the logistics work and, in particular, with crime and corruption.

We need to have a perspective on how we provide capacity to the state and over what period before we exit. This is not the primary role of the private sector.

Our emphasis as a sector is being placed on project management because that supports infrastructure development, and financial management to ensure the books of government are clean.

We are providing skills, mentorship and support programmes to ensure our interventions continue to have a positive and lasting impact after business exits these direct interventions.

We cannot afford to slide backwards again into mediocrity, inefficiency, indifference, corruption and decay. There are 60-million of our citizens who are depending on us. It is a huge responsibility.

We, as the mining industry, are unhappy with the state of the nation and the adverse conditions under which we operate. We receive many demands for interventions and funding to resolve problems that are national and local government responsibilities, but which they do not have the capacity or skills to adequately address, particularly at a municipal level.

Mining companies are already intricately involved in ensuring water is reliably supplied not only to their operations but to communities, because municipalities do not have the capacity to do so.

We are not whinging or sitting back expecting someone else to step in and halt the decline in our economy and society. We are very actively working with the government as a trusted partner to find solutions and to urgently implement them.

What we need though, is an economic plan or vision that business and government jointly agree to from a policy-making and capital perspective, bringing in other stakeholders who can play their part in restoring South Africa to a stable, law-abiding society with sustainable, inclusive growth.

This plan must be underwritten by energy and transport infrastructure, which are just two of the fundamental investments needed to encourage economic growth.

One of the easier areas to kick-start the economy is fixing the mining industry.

According to data from Stats SA, the mining and quarrying industry provided jobs to 477,574 people in the second quarter of 2023. For every person directly employed, a further 10 people are dependent on the industry for their livelihoods, either directly or indirectly.

We would see a relatively quick shift in our economy if the department of mineral resources & energy expedited approvals for more than 5,000 prospecting and mining right applications and mining permits.

There are billions of rands of latent investments and future spending locked up in these applications. Key to resolving the backlog is a transparent, corruption-free, off-the-shelf digital mineral rights management system known as a cadastre.

Encouraging investment goes beyond just the cadastre.

Perhaps the biggest deterrents in South Africa's mining industry are the repeated reviews and amendments to mining sector legislation and policies. Frequent changes to the Mining Charter, with each iteration becoming more onerous and prescriptive, introduce an atmosphere of uncertainty that reverberates throughout the industry and discourages foreign and local investment.

This uncertainty amplifies investment risk and can deter both domestic and foreign investors, who seek stability and predictability in their ventures. What is needed in South Africa is continuity of policy and regulatory requirements.

Illustratively, Botswana has not made any significant changes to its Mines and Minerals Act since it was enacted in 1999 — a sharp contrast to the multiples of changes to the Mineral and Petroleum Resources Development Act (MPRDA) and Mining Charter in South Africa over the years. Consistent laws and policies, administration, interpretation and skilled enforcement to remove uncertainty are critical.

Tax incentives, which are offered in competing mining jurisdictions such as Canada and Australia, have proved successful in establishing a strong exploration and junior mining sector, providing larger mining companies with a pipeline of new projects, creating and sustaining jobs, underpinning mining communities and generating national wealth from their mineral endowments.

South Africa's share of the global exploration spend has fallen consistently below 1% in recent years, from more than 5% two decades ago.

For exploration companies, there are essentially two buckets of funds, one for administrative matters and the other to drill holes and find ore bodies. If there is an extended and costly

process in trying to secure prospecting rights in an inconsistent application of laws and policies, funds ring-fenced for drilling must be eventually diverted to secure rights. That's when explorers pack up and go somewhere more accommodating of prospecting.

The certainty of the application process is critical. Exploration companies indulge in high-risk, high-cost activities, needing a quick turnover of tenements to get the best value from their limited funds. The South African environment simply does not provide it.

Other issues to be urgently resolved in the short term are regulatory duplication and inconsistencies, land claim disputes, labour militancy and socio-economic agreements with communities.

We must closely watch the conversation the government is initiating on beneficiation of minerals. If we don't fix the basics like energy, which is essential in any plans to revitalise industrialisation, then it is unrealistic to expect the industry to succeed in ramping up mineral beneficiation.

Mining has been a fundamental pillar of the South African economy for decades, propelling it forward and contributing significantly to its prosperity. It has contributed to creating employment, filling state coffers and boosting economic growth, often in times of fiscal distress — as was the case during the Covid pandemic.

However, it appears that the government has taken this industry for granted.

One of the most striking indicators of the mining sector's waning significance lies in its declining contribution to the South African economy. Its share has more than halved, falling from a robust 10% in 1993 to a mere 4.4% in 2022, based on constant 2015 prices.

This sharp decline underscores the mounting challenges faced by the sector, which has been consistently mired in negative annual growth, averaging -0.4% since 1994. This concerning performance raises questions about the sector's capacity to remain globally competitive, attract investment, create jobs and promote sustainable economic development.

As the world moves into renewable energy solutions and greening economies, mining is a fundamental part of that shift, providing the minerals essential for this transition.

South Africa, which is rich in minerals needed for these technologies, has a rare chance of hitting the reset button for its mining industry. It cannot repeat past mistakes and squander the benefits of booming commodity cycles again and again.