

MEDIA STATEMENT

MINERALS COUNCIL SOUTH AFRICA NOTES STATE OF THE NATION ADDRESS

Cape Town, 8 February 2024. The Minerals Council South Africa welcomes the signs of progress coming from joint business and government interventions in logistics, energy and crime and corruption which President Cyril Ramaphosa highlighted in his State of the Nation Address.

The sustainability of the South African mining industry, and its ability to play a meaningful and positive role in society and the economy, is dependent on urgent and extensive structural reforms in the energy and logistics sectors. A stable, aligned and consistent regulatory environment with efficient administration is essential to attract and retain investments in exploration, mine development, and mining.

“We must continue with vigour to implement the structural reforms necessary to encourage and facilitate the private sector’s participation in energy generation and transmission, rail and port operations, and water reticulation. It is imperative to arrest and stabilise performances in these services which have severely constrained the mining industry’s growth and contribution to economic development, which needs to reach growth levels of more than 5%,” says Mzila Mthenjane, CEO of the Minerals Council.

“Of equal urgency is the implementation of interventions developed by business and government role players to address crime and corruption, which continue to affect business performance, freedom of movement and the broader well-being of society, damaging South Africa’s reputation as an investment destination,” he says.

The commitment of the government to the establishment of a green hydrogen economy is welcomed. South Africa’s platinum group metals (PGMs) are used to make and convert hydrogen to electricity, making green hydrogen an important source of demand for these metals as the world reduces carbon emissions and turns to renewable and sustainable energy sources.

Mining delivered on its side of the social bargain during 2023 despite mixed commodity prices and a tough operating environment. Mining was one of the few economic sectors to create jobs in 2023, growing employment by more than 7,500 to 477,000. Wages increased by 7%



to R186.5 billion, supporting many families and their dependents, while the total contribution to the fiscus grew by R9 billion to R135.3 billion.

The Minerals Council is gratified that green shoots are coming from the Presidency-led partnership established eight months ago with Business for South Africa in the National Energy Crisis Committee (NECOM), the National Logistics Crisis Committee (NLCC) and Joint Initiative on Crime and Corruption in which the Minerals Council and its members are participating.

NECOM forecasts load shedding will end by 2025 as more private sector companies enter the energy sector and Eskom stabilises the performances of its power plants. Structural reforms and recovery plans are in process for stabilising Transnet's rail and port services and to encourage the private sector's participation. There has been a two-thirds reduction in infrastructure security incidents on the coal line to Richards Bay from Mpumalanga between September 2023 and January 2024, with coal mine businesses providing financial and technology support to enable security and protection for the railway.

President Ramaphosa mentioned water projects underway. However, the scale of the problem must be acknowledged and the cost to address water reticulation affecting communities, mines, agriculture and businesses in the Northern Cape, Limpopo, and Mpumalanga.

Water is a crisis facing the mining industry and the country as mentioned by the President. The mining industry is increasingly active in partnering with the government to provide funding to repair, maintain and build water reticulation systems in these regions. A clear government roadmap and pragmatic strategy to include the private sector to urgently address water reticulation will be necessary.

The launch of a R400 million government fund for exploration will start to address the dearth of investment in mineral prospecting in South Africa, which has attracted less than 1% of global exploration funding for the past three years. However, for these funds to be efficiently used, the introduction of an efficient, transparent and modern cadastral system to digitally manage prospecting and mineral rights applications is essential. The Department of Mineral Resources and Energy (DMRE) has announced the winning consortium to implement the system, a much-awaited milestone by the industry

“In this election year, the country requires that the government focuses on the critical reforms necessary to save our economy - livelihoods are at stake. We have observed and experienced the positive impact of mining under challenging operating conditions. A more conducive and enabling operating environment, with regulatory certainty and consistency, and functional

infrastructure and municipalities will demonstrate a lived experience that #MiningMatters,” says Mr Mthenjane.

For further queries:

Allan Seccombe

Tel: 064 650 4636

Email: aseccombe@mineralscouncil.org.za

Web: www.mineralscouncil.org.za