



## **Joburg Indaba 2024 - Keynote speech:**

Where are we now as an industry? Are we contributing to inclusive economic growth?  
**Dr Nombasa Tsengwa, President of the Minerals Council South Africa**

**2 October 2024**

“God knows our situation; He will not judge us as if we had no difficulties to overcome. What matters is the sincerity and perseverance of our will to overcome them.” Of course these are not my words, these are the words of C.S. Lewis.

A very good morning, ladies and gentlemen.

When people find themselves in a situation, which is probably not of their own making it is critical to not judge ourselves but to gear up for what to do next. That is what our industry requires today.

#MiningMatters, matters in our economy.

Thank you for the opportunity to address this year’s Joburg Indaba in my capacity as the President of the Minerals Council South Africa. And thank you to Dr Nyati for your wise words. Eskom is a crucial company in our economy and the leadership at the utility has shown what is possible. The mature, collaborative nature of our engagements is testament to the leadership shown at this critical juncture in our country.

As I start, I would like to first congratulate Roger Baxter and Peter Steenkamp for being inducted in the Mining Hall of Fame.

When we start to talk about ourselves as an industry, we start with where it hurts the most. We reflect on the realities on how safe these mines are we send our employees to daily.

### **Safety and Health, a key metric for sustainability and inclusiveness**

In the past three decades, our operations have become safer and healthier places to work.

We have made significant gains in our safety performance, especially in reducing the number of fatalities. The industry’s aim has been and remains Zero Harm. Since 1994, the number of mining fatalities has fallen by 88% to a record low of 49 in 2022, with major breakthroughs (being a reduction by 50%) in fall of ground-related fatalities in the past twenty years.

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Safety is the foremost concern of the Minerals Council and its members, with CEOs meeting monthly, for an Hour of Learning session, to share learnings and interventions from incidents, and quarterly for a CEO Zero Harm Forum for in-depth, unflinching discussions on safety and health improvement strategies which are cascaded to mine operations.

In relation to health, a key focus area is on occupational health related to lung diseases such as tuberculosis (TB). The industry is performing below the national average in terms of TB infections and continues to improve. The target was to achieve this by the end of this year but has been met two years prior.

We have also embarked on programmes to support employees with non-occupational/lifestyle diseases such as HIV-AIDS, diabetes and, more recently, mental wellness interventions.

The Mine Health and Safety Council is a critical tripartite leadership collaboration amongst Government, Labour and Employers which has also contributed to this performance.

Despite the negative sentiment, it is an opportune time to displace perceptions about mining in South Africa being a sunset industry with data-driven caveats.

As far as growth is concerned and employment, supported by diverse natural endowment of minerals, differentiated by its richness in platinum group metals, gold, iron ore and manganese, the sector remains important in the economy, contributing about 8% to the GDP and providing direct employment to roughly 470,000 people.

## Defining inclusive growth

With this kind of contribution, we need to ask ourselves if the sector has significantly contributed to ***inclusive growth***, which is essentially both an outcome and a process.

On the one hand, it ensures that everyone can participate in the growth process, both in terms of decision-making for organising the growth progression as well as in participating in the growth itself (and earning income).

On the other hand, it goes some way towards ensuring that everyone equitably shares the benefits of growth. ***Inclusive growth*** implies participation and benefit sharing. Participation without benefit sharing will make growth unjust, and sharing benefits without participation will make it a welfare outcome.

If you look at just where South Africa really has gone in as far as the mineral space, there has been a shift away from gold being the dominant commodity to a much diverse sector best understood if we really disaggregate it into the bulks which includes coal, iron ore, manganese and chrome, plus the precious metals, which include gold, platinum group metals as well as diamonds, and other non-gold commodities.

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Today, South Africa is the world's leading producer of platinum group metals, manganese and chrome. This provides us with lots of opportunities of how we can actually harness further development of these commodities and also others such as nickel, vanadium and zinc.

But what is most exciting from what we have seen is, that due to the scramble of these critical minerals, there is a revival of the copper mining industry, which really is a good development.

So, if we examine the impact just of what has happened globally and domestically. In terms of the crisis that we have seen in the last fifteen years.

In this time, we have seen an outside impact on mining, which explains some of the underperformance relative to the other sectors of the economy. These crises include, but are not limited to the following:

- The GFC-induced decline in global GDP during 2009
- The Marikana massacre in August 2012 and the prolonged strike in the PGM sector during 2014
- Multiple years of load-shedding and curtailment in the case of mining, culminating in record power outages between 2022 and 2023
- Transnet's operational problems that continue to curtail bulk commodity exports, especially coal and iron ore, costing the country missed commodity market opportunities and more than R50 billion in lost export and tax revenues.

However, there is an effort underway, led by former Minerals Council president, Mxolisi Mgojo, in the National Logistics Crisis Committee, to address these challenges. We have already seen progress, particularly with the latest network statement that outlines how we, as the private sector, should participate.

At the end of the day, we need to position ourselves not only locally but also in global supply chains for trade.

We have experienced challenges, but we have also seen good performance:

- Chrome ore exports, for instance, reached a record high in 2023, and we are on track for another record in 2024. Average manganese production has increased by 3.9% annually during the same period. While gold production may be declining, growth in alternative minerals is promising.
- Our biggest challenge is to ensure that our ports are functioning well so we can reach international markets.
- Perspective in production is mirrored in **employment** figures. Employment figures in the industry reflect the challenges, with a decline in total employment from 611,000 to around 480,000 in 2023, mainly due to a downturn in the gold sector. However, other non-gold sectors have seen a 76% increase in employment, from 219,000 to 386,000 over the same period.

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These figures may highlight some negative aspects, but there are also positive signs of growth in our industry.

Perceptions of the mining industry, particularly among NGOs, remain a concern, as there is often a lack of understanding about the importance of mining in providing critical resources for energy transition, such as copper. We need to engage with these stakeholders and show them how responsible mining is conducted with environmental, social, and governance (ESG) principles in mind.

There have been **positive developments**, such as:

- increased earnings for industry employees, who are among the highest earners in the economy, with wage gains above inflation.
- Additionally, the earnings gap between lower and higher-income employees has narrowed. In terms of taxation, total revenue from taxes and royalties increased year-on-year to R172 billion, and it is essential that this revenue is used to benefit the most vulnerable in our society, who continue to face limited access to essential services and costly infrastructure.
- Employee ownership schemes, such as ESOPs, have provided dividends to employees, allowing them to benefit from the success of our operations. Although we have seen significant progress, further transformation is crucial for inclusive growth. Before 1994, black mine workers were prevented from taking managerial positions. Today, 83% of employees in the mining industry are from historically disadvantaged groups including Africans, Coloureds, and Indians.

The mining sector has set a target for historically disadvantaged South Africans to hold 60% of middle and senior management positions. As the Minerals Council and with our members, we are close to achieving this, currently at around 57%. This reflects the strides we have made in transforming our industry to empower a diverse and economically active population.

Finally, I cannot overlook the recognition and inclusion of women in our industry. The Minerals Council appointed its first black woman president, Nolitha Fakude.

Even though we come a long way, these demographics indicate that we have empowered our industry.

The survey of 12 of our members showed that they spent **R2.3 billion on socio-economic development**. The expenditure focused largely on education and health. In addition, the companies surveyed spent **R5.1 billion on training and development** in a single financial year with an estimated value of between R13,500 and R21,700 per full-time employee across the various sectors.

Communities are also beneficiaries of community benefit schemes, which derive revenue through dividend income from equity investments in mining companies.

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Despite constrained capacity to create more value, the mining industry has had a broad-based and positive impact on the economy, broader society, its employees and mine-host communities.

We have a rare opportunity presented to us as a country with our government of national unity and the positive spirit it engendered when it was formed. We cannot afford to squander this chance to revitalise our economy and uplift our people to dignified livelihoods. It is time for Mzansi to work to achieve this goal.

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