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**Topic: Overcoming policy challenges facing South Africa's PGMs industry**

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Good morning, everyone and thank you Bernard for inviting me to address the policy challenges facing the South African PGM industry on behalf of the Minerals Council South Africa. I must say it is really pleasing to see many of our international colleagues participating in this industry day.

Minerals Council member companies account for 80% of the world's mined Platinum Group Metals and collectively we believe that the growth of the PGM mining industry and the transformation of the South African economy are not mutually exclusive but are rather inextricably intertwined. We can't have one without the other and we need a stable, predictable regulatory environment that promotes both.

A PGM industry that attracts local and international capital for exploration, the development of new mines and the expansion of existing operations will create more employment opportunities, attract new entrants, and multiply all the benefits that the mining industry delivers for the country.

As a reminder for the audience, the PGM industry in South Africa employs 170,000 people of the mining sector's 470,000-strong workforce in relatively well paid jobs. These jobs represent decent work and come with a very high economic multiplier effect.

If we consider extended family dependency together with our direct supplier base, collectively the mining sector supports around 3.5 million people. Clearly this is a very important sector of society and needs to be understood in the context of a developing nation.

Mining is so much more than just digging minerals out of the ground. Companies have extensive Social and Labour Plans (SLPs), which uplift communities through enterprise and supplier development programmes, as well as large investments in infrastructure, schools and healthcare facilities.

In many cases, mining operations take place in remote parts of the country and are the only source of jobs and income.

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Often, mining companies step in to provide services and infrastructure that failing or dysfunctional municipal governments are not delivering.

Mining matters to our economy. It accounts for 6.2% of gross domestic product and R816 billion worth of exported mineral products representing 45% of total exports.

Corporate tax payments amounted to R31 billion, contributing 10% of total corporate tax collection.

Mining companies make up 35% of the JSE Top 40 by market capitalisation.

“Mining matters” is not just a slogan, it is a fact!

It is critical for mining companies and investors, throughout the value chain, to have a pragmatic, stable regulatory environment that attracts investment rather than discourages it by onerous, globally uncompetitive policy.

It is our considered view that the proposed Mineral Resources Development Bill in its original form does not encourage or sustain the growth and investment that the mining industry needs to realise its full potential to create employment, to stimulate the economy and to fulfil its social mandate.

The Minerals Council has submitted a detailed document outlining our concerns and we remain constructively engaged during this consultation phase. We do see positive signals from government and we await the second draft of the bill. It is our expectation that our concerns will be addressed and - for now – the Minerals Council is satisfied that we are being heard.

The PGM industry has made significant contributions to transformation in order to address the historical injustices of the past. These contributions were made despite the industry facing a difficult operating and regulatory environment, and some incredibly demanding market conditions.

Minister Gwede Mantashe has often said on public platforms, that the mining industry is the most transformed sector in our economy, and we agree.

The mining sector spends in excess of R3 billion annually in Social and Labour Plan projects and commitments, building houses, schools, roads, bridges, clinics, water and sanitation infrastructure.

An Employment Equity study undertaken in 2023, showed that in many occupational levels, targets were met and exceeded and that, overall, the industry was close to achieving most targets.

Women now comprise about 20% of employees, which is heartening considering that before 1994 – women were legislated out of the underground work force. A degree of stigma and even superstition has been overcome, and we are better off for it.

Given the contribution that mining makes to the national economy, to employees and communities, it is not difficult to understand why the Minerals Council is so emphatic about the need for a regulatory and operating environment that attracts investment and encourages and sustains growth.

It costs at least R20 billion and 10 years to build a decent sized mine. Very few mining companies have that type of money lying around on the balance sheet.

Mining companies need to operate in an environment that allows them to attract capital in the form of debt or equity to fund projects. However, providers of capital will not put their money into risky jurisdictions where returns are threatened by regulatory uncertainty, crime and corruption and failing infrastructure. At the very least, the cost of capital increases significantly rendering projects unviable that otherwise would proceed.

This is the fundamental starting point of all our discussions with Minister Mantashe and his colleagues, as well as other government departments. The mining industry has been severely constrained during the past three decades by regulatory uncertainty, weak administrative processes, unnecessary delays in licensing authorisations, as well as the severe repercussions that state capture has had on electricity supply and costs as well as logistics.

The mining industry has enormous untapped potential in the minerals we already mine and the minerals of the future, provided we can unlock exploration and attract investment. The Minerals Council will not relent in lobbying and advocating for the best possible regulatory and operating environment to realise this potential for the benefit of our shareholders, employees, communities and the broader economy.

We are fully engaged with government on the legislative issues at hand including the proposed MRD Bill, the chrome export tax and quota threats, and the rollout of the cadastre across the country with urgency.

It is extremely important for both investment and job creation that rational outcomes prevail, and not inappropriate policy responses to misdiagnosed problems.

The cost of energy continues to rise double digit compounded, and we support the independence of the transmission system and the removal of the fox and henhouse effect. Energy availability and its cost are the foundation of a country's competitiveness. Poor strategy and bad behaviour really let South Africa down, and we have seen the resultant deindustrialisation as a consequence. We now need to open up the grid to competition together with a level playing field.

Hard commodities in general and PGM's in particular have a very bright future ahead and in order for South Africa to benefit fully, obstacles need to be removed and not created. The

mining sector is prepared to work with Government to achieve pragmatic and practical outcomes. Policy needs to be coherent not disjointed, and the narrative needs to be clear. Mining is a very people centric industry and we are deeply connected to the fabric of society at ground level. It is important that we succeed!

Thank you for listening.