

MEDIA STATEMENT

UNDERSTANDING SOUTH AFRICA'S MINING INDUSTRY INVESTMENT INTO RESEARCH, DEVELOPMENT, AND INNOVATION

Johannesburg, 28 February 2024. A survey of the South African mining industry's investment into research, development and innovation (RD&I) will give fresh insights into what is encouraging funding and what is holding it back.

The Minerals Council South Africa and the Human Sciences Research Council (HSRC) have agreed a memorandum of understanding to conduct the survey to gain a comprehensive overview of the RD&I investment environment in South Africa as mining modernises operations, making them safer, and socially and environmentally sustainable.

The partnership facilitated by innovation-focused advisory firm, the Research Institute for Innovation and Sustainability (RIIS), will produce an inclusive, industry-wide survey to gain critical insights into the key investment aspects that encourage – or impede - mining innovation in South Africa.

The global mining sector lags behind other sectors in terms of innovation spend. Research in 2020 showed that mining companies invested less than 1% of gross revenue into RD&I. To provide context, the global oil and gas sector spent 3% of earnings before interest, tax, depreciation and amortisation (Ebitda) on RD&I, while the chemicals and agriculture sectors invested about 17 percent each. Mining has a relatively low RD&I intensity compared to other economic sectors despite the sector being an important contributor to the global economy and its critical role in providing the minerals and metals needed for a low-carbon future.

Innovation is crucial to enable the mining sector's transition to sustainable practices and modernisation. In leading mining jurisdictions such as Australia, the implementation of

innovation has improved safety, increased productivity and led to the adoption of sustainable practices.

“Mining cannot modernise without innovation, and often this innovation stems from outside the mining ecosystem. Working with the HSRC and RIIS, the Minerals Council aims to provide a clear view for the industry on how much investment is being allocated to RD&I, what specific areas are the focus of investment, where investment gaps lie, and what investment opportunities there may be in supporting the mining sector’s progress towards a just energy transition,” says Sietse Van Der Woude, Senior Executive for Modernisation and Safety at the Minerals Council.

The HSRC, which is Africa’s largest research institute focusing on the social sciences and humanities, conducts an annual national survey into private sector RD&I.

Dr Glenda Kruss, Executive Head at the HSRC’s Centre for Science, Technology and Innovation Indicators, says that this is an exciting initiative given the potential positive impact the survey could have on the mining industry.

“By providing critical statistics on the state of mining RD&I investment, we can drive real industry impact, from assisting with the development of institutional innovation investment policies to providing industry RD&I investment benchmarks that have not been previously articulated.”

RIIS undertook a comprehensive review titled the *South African Mining Innovation Ecosystem’s Review*, which analysed the South African mining industry’s performance between 2017 and 2022 on behalf of the Minerals Council. A key finding in the review was the need for more diverse and innovative funding mechanisms.

Investment is critical for RD&I, but South Africa continues to struggle with eroding investment attractiveness, according to the Fraser Institute’s annual survey of the investment attractiveness of global mining jurisdictions. Considering both policy and mineral potential, South Africa has ranked in the bottom ten of the least favourable mining jurisdictions for the past two consecutive years.

“The RD&I survey will further enhance our understanding of mining’s innovation ecosystem and indicate how considered investment will ensure mining’s position as a robust contributor to the SA economy,” says Davis Cook, CEO at RIIS

The mining RD&I investment survey starts with an industry-wide call for participation, with survey results anticipated for release in the latter part of 2024. Interested parties wanting to take part in the mining RD&I investment survey can register their interest by emailing miningsurvey@riis.africa.

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