

■ NATIONAL

Mining licence system should be operating by midyear, mining indaba hears

Minerals Council CEO Mzila Mthenjane says he expects 'an efficient, modern, transparent system to manage mineral rights and exploration licence applications'

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Minerals Council SA CEO Mzila Mthenjane says SA's long-awaited new online mining licence system should be up and running by midyear. Picture: SUPPLIED

SA's long-awaited new online mining licence system should be up and running by midyear, opening the way for a liftoff in mining exploration and eventually the development of new mines.

The Minerals Council SA said on Monday the department of mineral and petroleum resources had assured the industry that it was on track to have the new mining cadastral system up and running by the middle of this year.

CEO Mzila Mthenjane told journalists before the opening of the Investing in African Mining Indaba, in Cape Town.

The Minerals Council is also in talks with the department over a review of mining regulations, which the department has said it is undertaking. The industry is particularly keen to see a review of the social and labour plans that mining companies have to commit to as conditions of their mining licences – companies are keen to continue to invest, but would like to be able to collaborate with each other so that they can pool resources to invest in larger projects in mining areas to meet community needs, the council said.

The department finally chose the PMG Consortium in February last year to install a new mining cadastral system after more than a decade of delays that had constrained new mining exploration and caused huge backlogs in applications for mining licences. Minerals and petroleum resources minister Gwede Mantashe promised in July last year that the new system would be complete by June this year.

A number of countries in Africa, including Nigeria and Botswana, have successfully implemented online cadastral systems to apply for, and register, mining and exploration licences in recent years, opening their mining industries up for investment. By contrast SA's mining department has been running on archaic manual systems since its efforts to modernise the old SAMRAD (digital) system failed in 2011.

SA has lagged far behind other mineral-rich countries in mining exploration over the past two decades, with exploration spending falling from a peak of over R6bn in 2006 to just R1bn in recent years, rising to R1.2bn in the latest year. This is still hardly 1% of global exploration spend, well below Mantashe's 5% target.

The dearth of exploration has meant few new mines have been identified or developed in SA in recent years at a time when global demand for critical minerals is climbing and SA's mining industry is languishing.

But the Minerals Council's latest "Facts and Figures" publication shows mining remains a crucial contributor to exports, growth and jobs in SA, accounting for 6% of GDP and 45% of SA's goods exports – which rises to 50%–60% if processed and beneficiated minerals

of total formal employment, with an annual wage bill of almost R190bn.

Minerals Council chief economist Hugo Pienaar said the mining industry's share of GDP had been relatively stable over the past 30 years, but that that was largely a price story – in real volume terms the industry had declined.

“The industry has been bailed by commodity prices but this is a massive opportunity lost,” he said, noting that if the industry could get back to previous volumes, it could hugely increase exports and employment.

Last year saw improvements in the electricity and logistics constraints that have weighed on the industry, with load-shedding halted for more than 300 days and Transnet stabilising and marginally increasing rail volumes. But mining industry output did not increase as expected in response to the end of load-shedding, reflecting all the other constraints weighing on production.

Pienaar said chrome was the one commodity that shot the lights out during a difficult year for SA's mining sector, increasing output, exports and employment. More than half of SA's chrome exports go out via the Port of Maputo, indicating how important the Mozambican port is for particular SA export commodities.

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