ADDRESS BY ROGER BAXTER, CEO OF THE
MINERALS COUNCIL SOUTH AFRICA,
AT THE 129TH ANNUAL GENERAL MEETING OF MEMBERS ON 22 MAY 2019

Past presidents of the Minerals Council South Africa,
Members of the board and other members of the Minerals Council,
Members of the media,
Ladies and gentlemen

Let me extend the apologies of the Minister of Mineral Resources, Gwede Mantashe, who was intending to be here today, but who has to attend to a special meeting in Parliament.

At the outset, I want to acknowledge – as Mxolisi has done – the mineworkers who died in accidents at our industry’s operations during 2018 and in 2019. The Minerals Council, and the industry, is fully committed to Zero Harm – where every mineworker returns to his or her family, unharmed, every day.

I do hope we will be able to report a very substantially improved safety performance when we meet here again in 12 months’ time. I know our CEOs and their colleagues are working tirelessly to achieve this, and there have been signs of progress since the final quarter of 2018. Similarly, there is progress relating to many aspects of occupational health.

We have seen other signs of progress in our industry too. One very useful and helpful indicator can be found in the findings of the Fraser Institute 2018 survey of mining companies. This is, as we know, a measure of perception and not actual investment, so is to some degree an imperfect measure. But, it is true that perceptions create the realities of the markets in which we operate.
In the critical Policy Perception Index (PPI), which measures overall policy attractiveness, South Africa was ranked in 56th position out of 83 jurisdictions for which adequate feedback was received, compared with 81st out of 91 a year ago.

I would like to acknowledge publicly the critical part government has played in improving mining investor perceptions of South Africa in the 15 months of office of President Ramaphosa’s government, including the role of Minister Gwede Mantashe in this period.

Of course, we also know that despite the good working relationship we have developed with government and with the Minister in particular, there will always be issues on which we disagree. Our deep concerns about the non-recognition of the continuing consequences of previous transactions in respect of the renewal or transfer of rights in the new Mining Charter is, I think, the most prominent of these. We were required by the terms of the Promotion of Administrative Justice Act’s 180-day rule to lodge papers for a review of the charter in this respect and a few other smaller issues where we are requesting an account of the factors considered when setting local content targets for aspects of procurement and matters related to the diamond sector.

Notwithstanding these legal steps, we would hope that we and the Minister can use our good faith problem-solving capacities to find solutions to these issues long before the matter is heard in the courts. We ask that these aspects are not implemented in the interim. And we trust that the fact that, despite some misgivings, we are not seeking to challenge the remaining 95% of the new charter is a strong signal of our good faith and of our commitment to the transformation imperative.

Perhaps what we need, though, is a discussion with each other about how the nature of the regulatory framework lends itself to legalistic compliance with obligations by rights holders. Each new iteration of the charter has been longer, and more complicated and detailed, with increasingly vocal admonishments by the regulator about the dire consequences of non-compliance with their provisions.

Perhaps also this trend is a reflection of continuing lack of trust by the regulator in the industry. Whether justified or otherwise, it is plain to see that threats to a company’s mining rights will push those companies into a legalistic approach to compliance, even those that are working on the basis that transformation is a business imperative (which is a view shared by the majority of us).
We would welcome a frank engagement on these kinds of questions, and we are very confident that – with Minister Mantashe – we will have them.

A major issue our industry is facing in a number of areas is community protests and discontent. The extent to which the discontent is due to activities of the mining operations themselves, poor service delivery by ineffective municipalities or simply deprivation and poverty is often unclear.

The Minerals Council has taken two specific steps in the past year to address this challenge from the industry’s perspective, based on the assumption that mutually respectful relationships are an essential basis for co-existence between mines and communities.

First, in December the Board of the Minerals Council adopted a human rights framework based on the UN Guiding Principles on Business and Human Rights as a guide for members. A central element of the UNGPs is the commitment to “do no harm” to the rights of others and, where harm occurs, to remedy that harm. This framework will be rolled out from 2019, with a view to – in time – becoming part of the mandatory requirements of our Membership Compact. We appeal to members to take this initiative very seriously and conscientiously.

Second, the Minerals Council has deemed it necessary to be involved in addressing these issues of underdevelopment and conflict on the ground. To this end we have established two pilot offices, in Mpumalanga and the Northern Cape. We are seeking better to understand the underlying causes of conflict, and to facilitate a co-ordinated approach to development projects between our members, on the one hand, and their communities, local authorities and other stakeholders on the other.

This is proving to be a complex set of tasks. But we have good and smart people doing this work. I look forward to reporting back to you on progress at our next AGM.

While we are on the matter of the human rights framework and our own Membership Compact, I would like to reiterate the importance that this Compact has played, and is playing in our lives at the Minerals Council. I encourage members of the media and others to take a close look at this compact – which may be found on our website – and review and understand the 10 principles that have been embedded in the way we do things.
These principles of not simply empty ‘promises’, but real commitments and practices that we, as a Minerals Council will uphold, and expect that our members will do the same. And, for those who might say that it doesn’t have ‘teeth’, let me add that the proof will be in our implementation. We have, under this Compact, terminated the membership of a former member – Koornfontein Mines. And we have declined member to two prospective companies as our due diligence revealed that they did not live up to the requirements of the Compact and could not make a commitment to do so. We have also instituted investigations and conversations with a number of member companies when issues of concern have been raised with us.

While, for some, this might sound like small steps. But for us, as an organisation, this is a clear indication that what we do and what we stand for as an industry will not be dictated by the lowest common denominator.

In closing, I would like to extend my thanks to Norman Mbazima who will be retiring form the Board of the Minerals Council when he retires form Anglo American in June. We are also, in his absence, bidding farewell to Nick Holland who is stepping down as a long-standing Board member, and whose guidance has been appreciated for many years.

I would like to extend my thanks too, to Mxolisi Mgojo, Neal Froneman, Steve Phiri and Andile Sangqu, who have given so much of their time and wise counsel to us this past year, and to the board as a whole. We will, after the AGM today, issue an announcement in respect of the office bearers for 2019.

I would like to thank my colleagues within the Minerals Council, and especially our senior executive team who are here today.

We believe we have done much to live up to our purpose of Making Mining Matter, and the values that we live by. And we fully intend and commit to extend and reinforce these efforts in the year ahead, knowing full well that all stakeholders have a shared interest in creating a mining industry that is competitive, and prosperous, and delivers value to all its stakeholders.

It is only through committed visionary and collaborative leadership that we can materially change the game. We stand ready to work with partners and key stakeholders to help get this great industry back on track, and to realise its true economic and transformational potential.