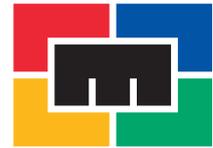


Points from Department of Mineral Resources and Energy (DMRE) Minister Gwede Mantashe's address to the Minerals Council AGM

27 May 2020



MINERALS COUNCIL
SOUTH AFRICA



 Gwede Mantashe – Mineral Resources and Energy Minister

“The mining industry needs to assume a leading role in the economic recovery process.”

COVID-19

COVID-19 means this is a very difficult period as it threatens both lives and livelihoods. But it does give the mining industry a rare opportunity to redeem itself from the trust deficit with employees and communities. What we do during this period will either deepen the trust deficit, or wipe it out.

I have made some unannounced visits to mines. We receive many anonymous letters drawing our attention to alleged instances of non-compliance. It always is a signal of the need to rebuild trust in the industry.

In many cases there was a great deal of correctness in the information conveyed. It raises the issue of rebuilding trust, and dealing with suspicion and the temptation to cover up the extent of the problems. This would come as a huge risk to the industry.

When we fought for screening and testing, we told our government

colleagues that a failure to do so would give a false impression that there was no problem. We told our cabinet colleagues that there would be a spike because of screening and testing. But this would be a reflection of reality. When screening and testing is done properly it protects the industry.

Many have complained that mining is favoured over other sectors. The industry has a responsibility to protect itself from attack.

The mining industry needs to assume a leading role in the economic recovery process. Together with the energy sector it is necessary to take the economy not only back to the pre-COVID-19 stage but to grow it further. The downgrade to junk status needs to be reversed as quickly as possible.

The move to level 3 is going to bring problems. Speaking to the Parliamentary Portfolio Committee

yesterday, I was attacked about there being 321 cases of COVID-19. I responded that there were 321 cases in the industry out of 23,671 nationally. I said that mining isn't an island, and that what is happening there needs to be put in the context of what is happening in society as a whole.

When an MP suggested we need to close down mining, I responded that that idea is not helpful because it would deepen the crisis. Similarly, when told recently by a unionist to close the mines, I responded by asking what the union would then suggest its members should do. They would be sent home because there would not be a mine.

Only by adopting this perspective do people begin to think more constructively. COVID-19 is going to be with us for a very long time. What we need to do is to learn how to live in a COVID-19 environment.

TRANSFORMATION

What is it that we are doing with the Mining Charter? What is transformation?

We cannot just use numbers when we talk about transformation. We must transform the system – numbers are just a measure. The focus on numbers does not change the mindset. In many ways we have done better than the National Party did in its 40 years in power. They produced few Afrikaner CEOs. In the last 25 years we have seen many black CEOs. We need to change the system. Focusing on numbers will lead to poaching of a few good black managers by one company after the next. What is needed is to develop a big pool of skilled black managers.

The debate on “once empowered, always empowered” is a false debate. Our problem is we haven’t defined what transformation is.

BEE is the development of black capitalists. We need to say that unashamedly. If a BEE deal hasn’t produced a genuine black capitalist, then we must accept it hasn’t done what it was supposed to do. There have been deals where a black BEE

partner has had to borrow from the bank. Ten years later that person has not received a dividend and at the end has nothing to show for it.

You want us to say that 10 years ago there was a deal that must be recognised. But what if that deal has not produced a black capitalist, and instead may even have sunk that person into a pool of debt?

This discussion is necessary with the industry. Going to court is not going to resolve it. Whoever loses will appeal and appeal. This debate will not be resolved in court; it will be resolved here. If you want me to recognise a deal that produced a black capitalist I will do so. But I won’t recognise a deal that simply sunk people into debt.

We have largely achieved policy certainty through the 2018 charter. But this issue is the fly in the ointment. As a result, with this year’s Fraser Institute survey, we haven’t advanced; we are marking time because of this issue. Sitting in court doesn’t create policy certainty and it doesn’t improve our rating. This requires us to have a fundamental discussion. We need to talk and reach agreement. And if we disagree then we need to talk some more.

ENERGY ISSUES

On the Integrated Resource Plan, we have created more policy certainty. We have agreed to allow Minerals Council members to self-generate energy. We have given you a deputy director to work with on this. If you have problems, please talk to us. Move faster, and if there are bottlenecks, we’ll unblock them.

GOVERNANCE

Finally, in the DMRE we have regularised governance. In mining and in energy. We will merge PetroSA and the Strategic Fuel Fund. Good governance is essential.

The debate on “once empowered, always empowered” is a false debate. Our problem is we haven’t defined what transformation is.

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