

LETTER FROM THE PRESIDENT



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MXOLISI MGOJO
President – Chamber of Mines

The year 2017 ended on a positive note for South Africa’s mining industry. The election of a new ruling party president, who a few weeks later was elected President of the country, and his subsequent appointment of Gwede Mantashe as Minister of Mineral Resources along with several other highly competent appointments elsewhere in cabinet’s economics cluster, opens up new possibilities, not only for the mining industry but for South Africa as a whole.

PRESSING THE ‘REBOOT’ BUTTON

The Chamber’s vision and mission has not changed. We remain on a quest to reposition the South African mining sector as South Africa’s pre-eminent industrial sector. This we seek to do through the creation of a competitive and transforming industry that realises the country’s mineral wealth for the benefit of South Africa. The overriding objective is to press the “reboot” button with stakeholders and work together towards building a new trust-based social pact with them. We want to work together to build a positive policy, regulatory, investment, innovative and operating environment. We want South Africa to emerge into an investment destination of choice for mining.

The mining sector has significant multiplier effects into almost all other sectors. A growing, vibrant, competitive, innovative, productive and transforming mining sector can materially contribute to realising the National Development Plan (NDP) vision of higher, more inclusive, economic growth.

The new political environment offers far more positive conditions in which to seek to achieve these goals. In recent years the political terrain has been extremely rough as we, and much of the rest of the country and its economy, were involved in a painful battle against a government leadership and regulator that, in large part, was focused on the corrupt enrichment of a few selected entities at the cost of the rest of the citizenry, including our industry.

Today we can say with relief that, while the attainment of those goals will still be complex and challenging, we are not going to be struggling against enemies of growth and transformation.

Still, we must recognise that the industry enters this new era in severe crisis. At last count, the country was ranked 47th out of 91 mining jurisdictions in the Fraser Institute Survey for its investment attractiveness. In the past three years greenfields investment has largely been placed on hold, and in 2016 real mining GDP was smaller than that recorded in 1994.

Organised business as a whole has a central role to play in working with government and other stakeholders to revive SA’s economy. The Chamber will continue to work with Business Unity SA, Business Leadership SA and others playing the kind of assertive role that was forced upon us by the travails of recent years.

DEVELOPING A COMMON CAUSE

Whatever our differences, it has also been good to see the common cause that developed between the industry and other stakeholders, including organised labour and civil society, in resisting the damage that was being done to our economy and our society by many in the leadership of the previous administration.

While the industry has a long history of engagement with organised labour in respect of collective bargaining on conditions of employment, and they sat at the table in previous Mining Charter negotiations, links with civil society have been less developed. We should not allow the foundations that were built with both sets of stakeholders during the country’s governance crisis to be wasted. We need to develop these relationships further in the quest for a social pact.

For the industry, this social pact needs to embody smart policy, greater regulatory certainty and good governance driving the competitiveness and transformation of the mining sector. For us, these are mutually reinforcing imperatives. This is the basis on which we are approaching the talks on the charter.

LETTER FROM THE PRESIDENT continued

ADDRESSING LEGACY ISSUES

We are completely open and willing to hear the issues that other stakeholders would want to raise as their basis for embracing a social pact.

We would expect that this would involve, among other things, the Chamber and the industry continuing to address legacy issues. While we know that our country's troubled history means that it will take time for all these to be addressed, we would hope that the efforts made in recent times to accelerate the pay out of retirement fund holdings of ex-miners is one example of what can be done with good co-operation and careful strategic planning. We are particularly proud of the efforts of our gold mining colleagues in the remarkable work they have done with their stakeholders to resolve the large silicosis challenge. They have settled the class action litigation which is now awaiting High Court approval; they have worked tirelessly, as has the Chamber, to improve the administration of the compensation fund operated through the Department of Health; and they are working in concert with the Chamber to improve for the future compensation for those who contract occupational lung disease. For them, as for the rest of us, continuing improvements in dust management remains critical so as to mitigate all occupational lung disease.

By far my biggest regret about 2017 is that it is the first time in 23 years that the industry's safety performance has deteriorated, at least when measured by the most important factor, the number of people who died in mining accidents. The details of this are dealt with in other sections of this report.

The overall message from the industry's leadership must be that we remain committed to get back on the path of continuing safety improvement, for as long as it takes to reach our goal of zero harm. Our employees and the public need to know that we take that commitment with every piece of seriousness that we can muster.

THANKS

On behalf of the Council and members, I would like to extend our thanks to CEO, Roger Baxter, and his formidable team that have ensured that the Chamber has been on the front foot during this tumultuous time. I would also like to make special mention of Dr Elize Strydom, who was Senior Executive leading Employment Relations and Legal, and who retired at the end of February 2018.

Finally, I thank my fellow office bearers who have shared the load with me in the year under review, and have ensured that – whenever and wherever it has been needed – the Chamber has represented members well.

CONCLUSION

In conclusion, we look forward to the year ahead. We have no doubt that we face many challenges. But we also know that we have entered a far more positive political environment than we have experienced in recent years. And we know that our members are committed to mining in an effective and responsible manner that will ensure fair returns to investors while other stakeholders, too, will benefit from our efforts. Our newly renamed Minerals Council South Africa will surely be there with even greater energy, both for our members and for the people of South Africa as a whole.



MXOLISI MGOJO

President – Chamber of Mines

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