

## Message from the Minerals Council President, Nolitha Fakude

**Mining in South Africa has, over the past three decades, increased its relevance and the positive impact it has on society, and it continues to be a critical industry within our economy.**

Mining matters to South Africa. This is an industry that has made fundamental changes to the way it engages and shares the benefits of the nation's mineral wealth.

As we mark 30 years of operating in a democratic dispensation since 1994, it is timely to consider the milestones the industry has achieved during its significant transformation journey and what it has delivered in improved safety and health, higher wages, and its contributions to society, despite declining employment, and to GDP.

This will be my final letter as Minerals Council President as I end my three-year tenure at the helm of this remarkable organisation. I will, therefore, reflect on key points during my tenure since May 2021 as the organisation's first woman president.

Mining continues to be a key contributor to the fiscus, which matters to all South Africans who benefit from the taxes and royalties the industry pays.

In the past three decades, mining companies have developed and matured their relationships with employees as well as with communities from whom they source personnel. Wages have increased ahead of consumer inflation during the past 15 years, safety and health performance has improved significantly, and mines provide business opportunities to improve the lives and livelihoods of their stakeholders. The sector also delivers positive impacts through investments in education, health and infrastructure for communities.

However, we must be cognisant of the operational constraints, such as deteriorating and expensive electricity supplies as well as declining rail and port functionality, that have prevented the mining industry from reaching its full potential for the benefit of all our stakeholders. The Minerals Council and our members are at the forefront of business' engagements with the Government to actively address these issues through structural and regulatory reforms to ensure that we have an environment conducive to investment and growth.

### Setting a new benchmark for safety and health 30 years on

The safety and health of employees is a priority for the Minerals Council and our members. Since 1994, the number of fatalities from all agencies has decreased by 88% from 484 to 55 in 2023.

While the year under review marked a regression from the record low of 49 fatalities reported in 2022, we are encouraged that the performance during the year was tracking closely with our best performance until November when one of our members had a tragic shaft incident in which 13 employees were killed.

Since 1994 injuries have decreased by 75% to 2,080 from 8,347.

Two of the historically leading causes of fatalities, namely falls of ground (FOG) and transport and machinery, have received unwavering attention from the Minerals Council, our members, the Department of Mineral Resources and Energy (DMRE) and organised labour in the quest for zero harm.

Several breakthroughs and interventions contributed to the number of fatalities from FOG significantly reducing by 95% to 15 from 239 in 1994. The industry reported a record low of 6 FOG fatalities in 2022, which is a 97.5% reduction, an indication that the Minerals Council's Fall of Ground Action Plan (FOGAP) is working.

Transport and machinery fatalities have decreased by 91% to 8 from 87 in three decades.

The reduction in fatalities and injuries were, and continue to be, driven by visible felt leadership at operations and driven by the CEOs of our member companies. During my tenure, we introduced an hour of learning each month attended by CEOs and senior management to ensure learnings are shared to prevent repeat incidents.

The collection of health data has evolved because there were no systems in place for reporting statistics to the DMRE before and immediately after 1994. The industry now has reliable data from 2003.

At the peak of the tuberculosis (TB) epidemic in the early 2000s, incidence rates in the mining industry were about seven times the rates in the general population. In 2003, a total of 8,400 cases of TB were diagnosed in the industry, translating to an incidence rate of 1,928/100,000 employees. The national TB incidence rate that year was

245/100,000 people. The mining sector was at the epicentre of the epidemic. The industry's fight against TB has been a long one, with 2003 marking a seminal year for the industry as the first milestones were established for improving health including for human immunodeficiency virus (HIV), which is a driver for TB.

In 2014, the MHSC set the milestone of achieving a TB incidence rate for the sector below the national average by 2024. In 2015, the mining industry's TB incidence rate was more than 1,060/100,000 employees according to Minerals Council data, compared to a national average of 834/100,000 people. By 2022, the latest year for which the Minerals Council has verified data, the incidence rate was 278/100,000, well below the 537/100,000 national rate. This is our biggest achievement in improving the health of mineworkers.

We have also made significant inroads in reducing cases of silicosis and noise-induced hearing loss (NIHL), with reductions of 90% and 86% respectively between 2003 and 2022.

During the COVID-19 pandemic in 2020, when I was Vice-President of the Minerals Council, the mining sector spearheaded the rollout of vaccines in South Africa, vaccinating its workforce, their families and communities. Working closely with the Department of Health (DoH) and the DMRE, the mining industry was the first sector to return safely to work, realising the benefits of higher commodity prices and providing a vital source of revenue for the fiscus, allowing government to pay social grants and underpinning the importance of mining to society and the economy for two consecutive years in 2020 and 2021.

These statistics show the seriousness with which the industry is addressing the health and safety of employees. We are committed to achieving zero harm and we continue to learn, share and adopt leading practices to avoid repeat incidents. We also encourage the adoption of new technologies to modernise mining and make it safer and more accessible to both men and women as we transform the industry.

In 2014, the industry, the DMRE and organised labour, through the MHSC, set new milestones for 2024, continuing our journey towards zero harm. We will assess our achievements and shortfalls against the milestone targets and re-engage our stakeholders as we set our revised and new milestones. We will continue driving step changes

*"Mining continues to be a key contributor to the fiscus, which matters to all South Africans"*

**Nolitha Fakude**  
President

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## Message from the Minerals Council President, Nolitha Fakude continued

in improvements in health and safety performance, using all the tools at our disposal to ensure that every mineworker returns home unharmed. This ambition can only be realised through the collaboration and cooperation of all stakeholders.

### Transforming the mining industry for the better

One of the key platforms and successes of my tenure at the Minerals Council has been my involvement as Chair of the WiM Leadership Forum.

Concerted programmes in the industry to employ women has resulted in an estimated 90,300 women working in the sector during 2023, representing 19% of the total full-time workforce, a noteworthy progression from 15% in previous years. Women were prevented by law from working in operational jobs before the mid-1990s.

The Minerals Council estimates that women of all races occupy about 25% of managerial jobs. In recent years we have seen women, particularly black women, holding CEO and key leadership roles in both the industry and the Minerals Council.

Management of the industry has substantially transformed since the early 1990s when black people were excluded from managerial positions. Based on a survey and analysis of the employment equity and human resources development data of 35 Minerals Council members representing about half of the mining industry by employment, 83% of employees are historically disadvantaged South Africans, while white males accounted for 5% and foreign nationals 12%.

We have made substantial progress during the past three decades and, certainly, since the gazetting of the Mineral and Petroleum Resources Development Act (MPRDA) and the first iteration of the Mining Charter in 2004 when transformation targets were defined.

If we consider the introduction of the Mining Charter in 2004 and the obligations placed on mining companies regarding transformation, inclusion, and social and labour plan (SLP) projects, the South African mining industry is at the forefront of implementing and complying with EESG standards against which investors hold mining companies to account.

Transformation has yielded substantial black-owned and managed companies such as African Rainbow

Minerals, Exxaro Resources, Seriti Resources, Siyanda Resources and Thungela Resources.

When we consider the lost opportunities of the mining industry due to a variety of constraints that we are actively tackling, it is clear that the South African mining industry is performing beyond its potential.

Employment on mines has reduced to approximately 480,000 from 610,000 in 1994. The industry accounts for 4.7% of South Africa's formal employment, compared to 6.3% 30 years ago.

Wages increased by 9% or R15 billion to R179 billion in 2023. In 1994, wages of R13.6 billion were paid, which, if adjusted for inflation, are equivalent to about R68 billion in 2023 terms.

Mining's contribution to the economy continues to be important, generating 6.3% of GDP in 2023, down from the previous year's 7.3% as the industry faced the headwinds of record levels of power disruptions by Eskom, severely constrained export sales because of inadequate rail and port services provided by Transnet, the ongoing consequences of crime and corruption as well as sharply lower export prices of PGMs and coal.

The industry's total mineral sales decreased by 10% year-on-year to R792 billion, with exports reducing 11.5% to R781.6 billion.

Mining accounted for 8.7% of GDP in 1994 and reported total mineral sales of R51 billion, of which R41 billion came from exports, translating to about R200 billion in 2023 terms.

While we can count our successes and tangible impact and relevance of mining for our stakeholders, we must also acknowledge the missed opportunities because of a less-than-ideal operating and legislative environment. The slow pace of approvals of mining and exploration rights, in part due to a dysfunctional mineral rights management system, have hobbled prospecting, with South Africa's share of global exploration expenditure stubbornly below 1% for the past three years compared to more than 5% 20 years ago.

As a lobby and advocacy organisation, we are in close and regular contact with the DMRE and other government departments to optimise legislation and policy, and remove bureaucratic hurdles that are constraining prospecting, mine development, mergers and acquisitions, and the operation of mines, in other words, growth.

These constraints must be eliminated if South Africa is to play a meaningful role, both at home and abroad, in the supply of critical minerals. We cannot afford to lose this unique opportunity, which will unlock investment, job creation, skills development, taxes and infrastructure for the benefit of all South Africans.

The mining industry is well represented at the NECOM by me, as Minerals Council President, and former Sasol CEO, Fleetwood Grobler. NECOM was set up in July 2022 to implement the Presidential Energy Action Plan through the partnership of government, business and Eskom.

The Minerals Council was at the forefront of establishing the National Logistics Crisis Committee (NLCC) where business is represented by former Exxaro Resources CEO and Minerals Council President, Mxolisi Mgojo, and Kumba Iron Ore CEO, Mpumi Zikalala.

In addition, addressing crime and corruption is critical to ensuring the safety and security of all citizens as well as the physical infrastructure and assets. In this regard, the Joint Initiative on Crime and Corruption (JICC) is the third crisis committee that the Presidency has established, on which the mining industry is well represented by Sibanye-Stillwater CEO, Neal Froneman.

Water is rapidly becoming the next crisis point and it is essential that the Government and the private sector urgently resolve growing water constraints before we are in a full-blown crisis, resulting in social unrest. Mining companies are involved in the Northern Cape and Limpopo provinces to ensure that communities, businesses, mines and the agricultural sector have stable supplies of water.

### Conclusion

We can look back with a sense of achievement at the journey we have travelled during the past three decades, but we have so much more to do on the health and safety aspects to ensure that every employee returns home in good health and physical well-being at the end of each shift.

Our transformation journey is well underway, and we remain committed to transforming our sector. We are making a positive impact in our communities and there is still a lot to be done as we consider the relevance and sustainability of our programmes and interventions. Easing the restrictions on combining our SLP projects to deliver greater and more lasting impact must be

a critical consideration by our regulator, working with other government departments for holistic and impactful community development.

An improved operating environment and a regulatory environment conducive to long-term investment will position the industry to realise the inherent potential from our world-class deposits of critical minerals to supply domestic and export demand in the global transition to a low-carbon future, demonstrating that mining matters to all.

### Acknowledgements

2023 has undoubtedly been a challenging year for the economy, and the mining industry has been no exception. Yet, in the face of these difficulties, we remain committed to contributing meaningfully to the economy, society and the communities in which our member companies are active.

As I conclude my tenure as President of the Minerals Council, I wish to express my gratitude to the nearly half a million individuals employed in our sector. Their dedication and hard work ensure that the mining industry remains a key driver of growth and development.

I also extend my deepest appreciation for the steadfast dedication of many exceptional leaders who have strived to improve South Africa through their passionate and principled leadership during some of the most trying times for our industry. The guidance provided by our Vice Presidents, with whom we lead the Minerals Council, has been crucial. Moreover, the tireless efforts of the Minerals Council team, under the capable leadership of former CEO, Roger Baxter, and current CEO, Mzila Mthenjane, have been indispensable.

On behalf of the Minerals Council Board, I thank Roger for the 30 years of his career that he spent at the organisation, helping steer us through the fundamental changes we have experienced in these three decades, repositioning and rebranding the Minerals Council so that we can continue playing a meaningful and significant role in the mining industry on behalf of our members and for the good of the economy. Roger left the Minerals Council well placed to continue our good work for a great industry in one of the world's highest potential mining jurisdictions.

**Nolitha Fakude**  
President

12 June 2024