

What Ramaphosa must do to make sure mining really is a 'sunrise' sector

By [Marius Roodt](#)

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Appointing a new, capable mining minister who has the confidence of the industry is one of the vital steps newly inaugurated President Cyril Ramaphosa needs to take to give credence to his thinking that mining is not a sunset, but a sunrise sector. Party stalwart and former trade unionist, Gwede Mantashe, got that role in the latest cabinet reshuffle.



Marius Roodt, consultant to the Institute for Race Relations

His maiden State of the Nation Address (Sona) sounded the right notes on the mining industry, though there was not particularly much of substance in his comments on the sector.

It is certain, however, that Ramaphosa has a far better grasp of the mining industry and its importance than his predecessor, Jacob Zuma. The new president's experience, both as a unionist and a businessman, in the mining industry is likely to stand him in good stead in understanding the needs of mining.

A positive aspect was that he acknowledged that mining is not a sunset industry, but rather a sunrise one, one with potential for economic growth and job creation. This is heartening, but the industry will only be able to realise its full potential if various restrictive laws and regulations are scrapped.

Mining Charter

On this note there is also some good news. The president said that the government would interact with industry to ensure the Mining Charter would be an 'effective instrument' to sustainably transform the sector – and undertaking that bore immediate fruit in the postponement of the judicial review of the charter, brought by the Chamber of Mines. A new round of much-needed consultation is now at hand.

This underscores Ramaphosa's acknowledgement of the importance of trust. This is what has sorely been lacking between the industry and the government to date – exemplified by the outright refusal by the Chamber of Mines to work with the current minister of mines, Mosebenzi Zwane.

Safety

Ramaphosa also notes the issue of mining fatalities. As he correctly points out, one death in mining is one too many. However, the excellent work that the industry has done in reducing the death toll in mines should be acknowledged. Between 2004 and 2007 there were more than 200 deaths each year, and more than 100 between 2008 and 2012. This downward trend has continued, with the number of deaths falling below 100 for each subsequent year, with a record low of 73 in 2016.

However, by November 2017 the number of people killed on our mines had reached 76. This increase is troubling, but it is clear that the industry has done much to ensure that the inherently dangerous business of mining is far safer than it was, even a decade ago.

Appointing a competent minister

The new president will need to back up his words with actions. The first step will be to dismiss Zwane, and appoint a capable individual in his place, who already has the confidence of the industry, or can gain it. Appointing a party apparatchik blinded by ideology will help nobody and will only hasten the demise of the industry.

There are many capable individuals within the governing African National Congress (ANC) who could help restore trust in the sector. In the past few years there have been a number of capable mining ministers who had the trust of the industry, and the best interests of mining at heart (notably Phumzile Mlambo-Ngcuka).

Perhaps the new president could even appoint somebody from outside parliament to this important position – the constitution allows for the appointment of two people to the cabinet who are not members of parliament.

Contrary to the belief of many, the interests of the mining industry and the government are broadly the same.

There are two other actions that Ramaphosa must take to ensure that trust is rebuilt between the industry and the government, and that mining can reach its full potential.

Changing the law

The first of these – for which he appears already to have prepared the groundwork – is to bring together senior CEOs and executives in mining and devise a mining policy that will help grow the industry and encourage foreign investment (and thus grow tax revenue for the government).

Finally, the current charter must be scrapped. It is the most damaging policy framework to come out of the South African government in the post-apartheid era. It is widely acknowledged that the first Mining Charter implemented in the early part of the century was a solid policy, and the reason for this is that it was drawn up by capable technocrats with the input of the industry. Any new Mining Charter will need to be the same – a product of a collective effort of the government and the sector.

Similarly, the proposed amendments to the Mineral and Petroleum Resources Development Act must be revised to achieve the objective of assisting, rather than retarding, the industry.

The Chamber of Mines's decision to postpone its proposed judicial review of the Mining Charter is a positive step, and an indication that they feel that Ramaphosa is a man with whom they can work.

Overall, the president's comments on mining during Sona were fairly positive, but the 'how' of fixing the industry was lacking.

Nevertheless, there is reason to be more positive about the fate of the industry today than at any other point in the last decade. As the saying goes, the proof of any pudding is in its eating, and Ramaphosa will now have to back up his words with action. Until that happens the industry will remain in the doldrums.

ABOUT THE AUTHOR

Marius Roodt is a consultant to the SA Institute of Race Relations (IRR), a think tank that promotes political and economic freedom.

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