



**MINERAL RESOURCES AND ENERGY
REPUBLIC OF SOUTH AFRICA**

**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE (MP)**

**MINERALS COUNCIL SOUTH AFRICA
ANNUAL GENERAL MEETING
JOHANNESBURG COUNTRY CLUB**

31 MAY 2023

Programme Director,

President of the Minerals Council SA, Ms Nolitha Fakude

The outgoing CEO of the MCSA, Mr Roger Baxter

Members of the Executive

Team DMRE

Invited Guests

Members of the Media

Allow me to express our appreciation to the Minerals Council South Africa (MCSA) for the invitation to attend and address your 133rd Annual General Meeting (AGM).

Your invitation and the Department's attendance today are in keeping with our long-standing commitment to engage in an open, honest, and direct manner with the industry.

This year's AGM is convened just over two weeks after we tabled our priorities for the financial year during the Budget Vote in Parliament. On the other hand, we are meeting soon after the Fraser Institute released its 2022 survey of mining companies, which put our industry in the bottom quartile on both investment attractiveness and policy perception indexes.

Despite our reservations about the Institute's research methodology to assess the performance of an industry such as ours with over 100 years of existence, the survey continues to serve as one of the yardsticks of our performance against other mining jurisdictions across the world.

We must acknowledge that the severity of loadshedding and the dysfunctionality of the logistics network (rail and ports) have significantly contributed to this downgrading and impacted directly on the performance of the sector. Let me take this opportunity to assure you that the Department of Mineral Resources and Energy (DMRE) is working with its sister Departments to urgently resolve these factors that impede the growth of our sector. There is no doubt that the South African mining sector will

improve its rankings on both indexes if these constraints can be resolved in the shortest possible time.

Among the interventions we are embarking on, as outlined in the Budget Vote, is narrowing the electricity supply and demand gap. To this end, we are steaming ahead with the review of the Integrated Resource Plan (IRP), while simultaneously fast-tracking the procurement of additional electricity capacity.

We are convinced that mining companies can supplement the Eskom supply of electricity. A success story is registered in the performance of the Gold Fields' which registered a 10% production growth despite the 9% decline year-on-year in the sectors' overall production. This is because they completed their 50-megawatt plant, which is giving them enough energy and registered some surplus. Therefore, the industry's investment in expanding **its own electricity capacity** to power its operations gives us hope.

The National Electricity Regulator of South Africa (NERSA) stands ready to process additional registrations to add on the four thousand and fifty megawatts that the regulator has registered in the 2022/23 financial year.

As per our announcement during the department's budget vote, we will, in this financial year, procure ten thousand megawatts of renewable energy under **Bid Windows 7 and 8**; three thousand megawatts of **Gas-to-Power**; two thousand, five hundred megawatts of **nuclear energy**; and one thousand, two hundred and thirty megawatts of **battery storage**.

However, a significant concern for our intensive efforts aimed at addressing our energy crisis is the unavailability of grid capacity in the Northern, Western, and Eastern Cape provinces. To resolve this challenge, President Cyril Ramaphosa made an undertaking in the State of the Nation Address to "*investing in new transmission lines and substations*".

Transparency in our mining licensing systems is another challenge that was highlighted in the Fraser Institute survey. This has been our challenge for some time; however, I have been assured that the process of procuring a licensing system with integrity is progressing well. We therefore remain on course to finalise the bid adjudication process by July this year.

Regarding the constraints in the rail network and port systems, we are particularly satisfied with the MCSA's collaborative efforts with Transnet to speed up the interventions aimed at improving our rail and port infrastructure. Resolving these limitations will push the mining sector to greater heights and attract new investments.

Despite these challenges, **recent data** supported by the **South African Revenue Service (SARS)** and your own "**Facts and Figures**" report indicate that the mining sector remains a strong pillar of our economy.

The data shows that even as the sector's production declined between 2021 and 2022, the value of production increased from R1.1 trillion to R1.18 trillion. Most importantly, the sector contributed R89 billion in corporate tax and a further R28 billion to the country's revenue through royalties, thereby keeping its percentage contribution to the Gross Domestic Product (GDP) at 7.53%.

The crux of the matter is that the mining sector continues to contribute meaningfully to the country's economic reconstruction and recovery. Therefore, we must work together to ensure that the sector becomes globally competitive.

If we are to succeed in this, we must redouble our efforts to drive a robust exploration programme and ensure that the interests shown by investors at this year's Mining Indaba are realised. There can be no gainsaying that our exploration landscape is increasingly becoming fertile for the discovery of minerals that will provide a solid base for future industries as well as a balanced energy approach. Building on the progress made following the release of the exploration strategy and its implementation plan, the Department has begun the process of drafting the critical minerals strategy. The MCSA's participation in the development of this strategy is critical.

It is in the interest of the sector to ensure that the R500 million exploration fund established by the Council for Geoscience (CGS) and the Industrial Development Corporation (IDC) gets operational and make practically contribution to the exploration activities.

President Fakude, our collaborative efforts resulted in significant improvements in the health and safety of mineworkers in 2022, as demonstrated by the lowest record of fatalities in the industry. However, we know that 49 fatalities remain too high. We must, therefore, intensify our efforts to achieve the Zero-Harm goal that we have set for

ourselves in appreciation of the role that mineworkers play in converting investments into wealth.

As I move towards conclusion, I cannot ignore the progress made in the development and implementation of the **Social and Labour Plans (SLPs)** as a social license for mining companies to operate and coexist with communities. We are encouraged by the intensified delivery of impactful projects in mining communities and in labour sending areas. It is essential for the industry to fully embrace this transformation agenda and continue to implement these projects because they help to change the image of the industry.

We are hoping to see more mining companies implementing the SLPs. Where they are not big enough, pulling resources together to fund impactful projects will be what we are looking at keenly.

In conclusion, Programme Director, allow me to extend our gratitude to the **outgoing CEO of the MCSA, Mr Roger Baxter**, and wish him well in his future endeavours. Let me take this opportunity to congratulate Mr Mzila Mthenjana for his appointment as the CEO of the MCSA. We look forward to working with him to strengthen the relationships between all social partners in the sector.

I thank you.