



**REMARKS BY THE HONOURABLE
MINISTER OF MINERAL RESOURCES AND ENERGY
MR GWEDE MANTASHE
ON THE OCCASION OF THE VIRTUAL JOBURG INDABA
07 OCTOBER 2021
09h00**

Chairman of the Joburg Mining Indaba, Mr Bernard Swanepoel

Captains of the industry

Distinguished guests

Fellow South Africans

It is with profound gratitude that we participate in this year's virtual Joburg Indaba. Although the country is gradually returning to normality, we must ensure that we continue to adhere to the Covid-19 health protocols. We must keep social/physical distancing, wear our masks, and wash/sanitise our hands regularly to save lives and protect livelihoods.

ECONOMIC OUTLOOK AND MINING PERFORMANCE

Government's foremost priority is to ensure that the economy recovers. Now, more than ever, our mining sector has a larger role to play in the reconstruction and recovery of our economy.

When a decision was taken to place the country into a nationwide lockdown, we took a far-reaching decision with the industry, and agreed that we must keep mining operational. That decision was treated with cynicism. We insisted and opened. The results are showing.

The Indaba happens soon after the World Bank has revised its economic outlook following severe supply and demand disruptions in the global economy. In April this year, the bank projected a 6% global economic growth. South Africa was expected to grow by 3.1% in 2021, stabilizing around 2.8% in 2022.

However, in July 2021, the bank revised its outlook where the global economy remained unchanged from the April 2021 forecast, with the global economy projected to grow by **6.0% in 2021** and **4.9% in 2022**.

The South African economy remains projected upward to **4,0% (0.9% up from April projections)** and **2,2%** in **2022**. If we do things differently, we can change the projection and improve the growth of the economy. These are the broad economic positive economic conditions within which South Africa needs to continue to tackle the challenges facing the mining and energy sectors, as well as all other economic sectors.

The South African economy experienced its worse economic recession in 2020 where it recorded a third consecutive quarter of negative growth. The Mining sector was the biggest contributor to this negative growth at 21,5% with the overall GDP contribution at negative 1,7%. This was the biggest slump in the sector which was attributed to supply and demand disruptions as a result of hard lockdown that began towards the end of the first quarter. The second quarter of 2020, saw a sharp economic decline at 51% with mining contracting by 73,1% while electricity water and gas contracted by 36,4%.

The economy rebounded well in 2021 driven largely by infrastructural stimulus packages by global advanced economies. The economy grew by 1% and 1.2% in the first and second quarter of 2021 respectively. Accordingly, by March 2021, these infrastructural packages together with demand driven by opening of economic activities in manufacturing-based countries led to several metal prices increasing.

Mining in South Africa has weathered the Covid-19 pandemic induced economic challenges. Whilst many sectors were forced to shed jobs, the mining sector remained resilient and ensured that mineworkers keep their jobs. The sector has further increased its contribution to the country's GDP from around 8.1 percent pre-Covid-19 (**2019**) to around 9.1% in the second quarter of **2021**. We welcome the 1% improvement.

We achieved this by working together as stakeholders in the sector. We came up with protocols to keep the mining and energy sectors operational during the nationwide lockdown. We must sustain this relationship to ensure that we further increase the sectors contribution to the GDP to around 12%.

Unemployment is the biggest pandemic facing South Africa. The mining industry must have a discussion on its contribution in changing this. The sector must resolve on the issue of mines that are kept under care and maintenance at a time when the commodity prices are at their best, and unemployment is at its highest. Working together we can do better as a sector.

MPRDA and Mining Charter

Government remains committed to the transformation of the mining sector and the economy at large. Transformation is not about numbers; It is about changing the system. Many of us don't appreciate that mining was at the core of the apartheid system in the country. No blasting certificate could be given to a black person then. This has changed. We must change the system in the mining industry.

It is with this reason that we continue to implement the Mineral and Petroleum Resources Development Act (MPRDA) and the Mining Charter. These are regulatory instruments premised on achieving transformation.

Is the mining industry changing the composition of ownership in the industry? Are we producing black capitalists in the industry? Transformation is an imperative for the future of the industry.

Following the High Court judgement on the Mining Charter, we convened a meeting with the industry to map up a way forward. We agreed in principle to continue with the objective of transforming the mining industry,

and that the Charter remains the necessary tool at our disposal to drive transformation.

Transformation is not going to be gift. It must be managed.

Failure to transform the industry would mean we subscribe to a principle of depriving black people of empowerment. Transformation cannot be theoretical; it must be practical. We must be seen transforming the industry.

INVESTMENT

Government has a responsibility to create a conducive environment for investments to decisively deal with the challenge of unemployment. I am certain that the court judgement on the Mining Charter will remove any uncertainty on policy and any doubt on investing in the South African mining industry. We need to allow people to take initiatives. We also need to promote and support entrepreneurship. The Department in collaboration with the Limpopo Provincial Government recently hosted a Provincial Mining Investment Conference in Limpopo. Our quest is to ensure that provinces take ownership of the investment drives in the mining sector by helping create a conducive environment for exploration, supportive infrastructure, actual mining, beneficiation, and exports. Our next stop will be North West and thereafter the Northern Cape. We see that belt as a mining belt that must take responsibility and ensure that they take ownership of being mining Provinces in South Africa.

Mineral Exploration Strategy

The development of an exploration strategy for the mining industry has been completed. The strategy is ready to be tabled in the Cabinet for

approval. The strategy is aimed at securing at least 5% of the global share of exploration expenditure in the next five years.

We don't expect private institutions to invest in exploration. We will push government to invest in exploration, working with the council for geoscience and in partnership with private organisations. There is a lot of unknown deposits in the country. We must explore, mine, and grow the mining industry.

Various sets of interventions have been proposed in the strategy from addressing regulatory bottlenecks, updating our geoscience data and assisting junior exploration companies amongst other interventions.

Geoscience Data and Cadastral System

We have made strides in publicising the country's geoscience data through the state-owned company the Council for Geoscience (CGS). We are in the process of integrating the geoscience information to the country's cadastral system which features mining rights locations and will be available to all investors by just a click of a button.

As the world is moving towards a more modernized, digitized and transformed mining and energy sectors, South Africa is host to a significant number of untapped deposits of the minerals needed for this transition. We are calling for investors to partner with us as we seek to move from high carbon to a low carbon economy.

We have also begun with the process to update our mining application system to a more modern and user-friendly cadastral system. The process to procure this system is at an advanced stage. We will soon make an announcement on this matter. Once completed, this will help us to fully address the challenges of backlogs in the application processes.

Security of Energy Supply

The Department continues to comprehensively implement the Integrated Resource Plan (IRP) 2019 to expand the country's energy generation capacity. This is a priority intervention to support a rapid economic rebound.

As reported in our Budget Vote, the Department is working with the necessary speed to deliver a total of sixteen thousand three hundred and thirteen (16 313) megawatts of energy, from mixed energy sources. It is better for all of us to navigate the just energy transition systematically.

We are working on finalizing the addition of about 2 000 megawatts of energy through the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPPP). This energy is expected to be connected to the grid with 18 months post the finalization of the procurement processes. The deadline for preferred bidders to reach financial closure has been extended. The extension was necessitated by the need to address all outstanding issues, including governance and regulatory approvals by all affected parties.

Government has amended Schedule 2 of the Electricity Regulation Act to increase embedded generation to 100 megawatts without the need for a license. Mining companies can now generate energy for their own use. This can resolve the energy and infrastructure issues that are hampering the industry.

Government has also opened Bid Window 5 of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP). With this programme, we intend to add 2 600 megawatts of new generation capacity from wind and solar PV projects.

The IRP 2019 envisages that by 2030, South Africa would have moved from about 75 percent of coal fired energy generation to less than 60 percent. Renewable energy would have increased to about 18 percent. It means over the next 9 years, there will be a gradual shift from coal fired energy generation to clean energy as part of our just transition from high carbon emissions to low carbon emissions whilst ensuring that we don't plunge our country into darkness.

Conclusion

I urge you to continue working with the Department as it continuously seeks to remove the bottlenecks that are hampering the industry. We remain committed to reviving the mining sector and place it on a growth path. We must ensure that the people of South Africa derive value from the mineral resources extracted in their country. We must also ensure that these minerals are increasingly beneficiated in our country.

Let us ensure that the mining sector remains a sunrise industry.

I thank you.