



# MINERAL INVESTMENT PROMOTION: THE MINING INDABA

Report to Portfolio Committee: Mineral  
Resources

07 December 2016



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

16 12 07 PC Minerals

# Presentation Outline

- Background
- Mining and the South African Economy
- Promoting Investment in Mining
- Investing in African Mining Indaba
- Key Messages



**mineral resources**

Department:  
Mineral Resources  
**REPUBLIC OF SOUTH AFRICA**

# Background

## **MANDATE**

Ensure transformation, economic growth, health, safety and sustainability of the Minerals and Mining Sector

## **MISSION**

Promote and Regulate the Minerals and Mining Sector for Transformation, growth, development and ensure that all South Africans derive sustainable benefit from the country's mineral wealth



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# South Africa's Mining Vision

“A globally **competitive, sustainable** and meaningfully **transformed** mining and minerals sector.”

- **Competitive:** mineralization, infrastructure, legal and financial institutions, increased ease of doing business
- **Sustainable:** Environmental management and rehabilitation, health and safety of mineworkers
- **Transformed:** meaningful inclusion of women and HDSAs in mining and benefit to local communities and workers



mineral resources

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# The South African Economy

YEAR	1994 THEN	2004	IN 2015
<b>GDP (billions)</b>	R 482 US\$ 60	R 1 374 US\$ 171	R 3 990 US\$ 312.94
<b>Merchandise exports (billions)</b>	R 69, 8 US\$ 8.7	R 281,8 US\$ 35.2	R1 041 US\$ 81.65
<b>GDP Growth</b>	3,2%	4,6%	1,3 %

- South Africa positioned as a manufacturing centre of excellence
- Diversified Industrial sectors
- Open economy
- Sound business case for investment and profit
- Gateway to Africa and markets of more than 200 Million consumers



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# South Africa's Mineral Endowment

Commodity	Reserves (% Global Share)	Reserves (Global Rank)	Production (% Global Share)	Production (Global Rank)
Chrome	74%	1	44%	1
Coal	3.4%	8	4%	7
Manganese	26%	1	26%	1
PGMs	95%	1	32%	2
Uranium	8%	5	1%	11
Fluorspar	17%	1	3.4%	4
Gold	11%	2	5%	6
Titanium	9.5%	4	29%	2



mineral resources

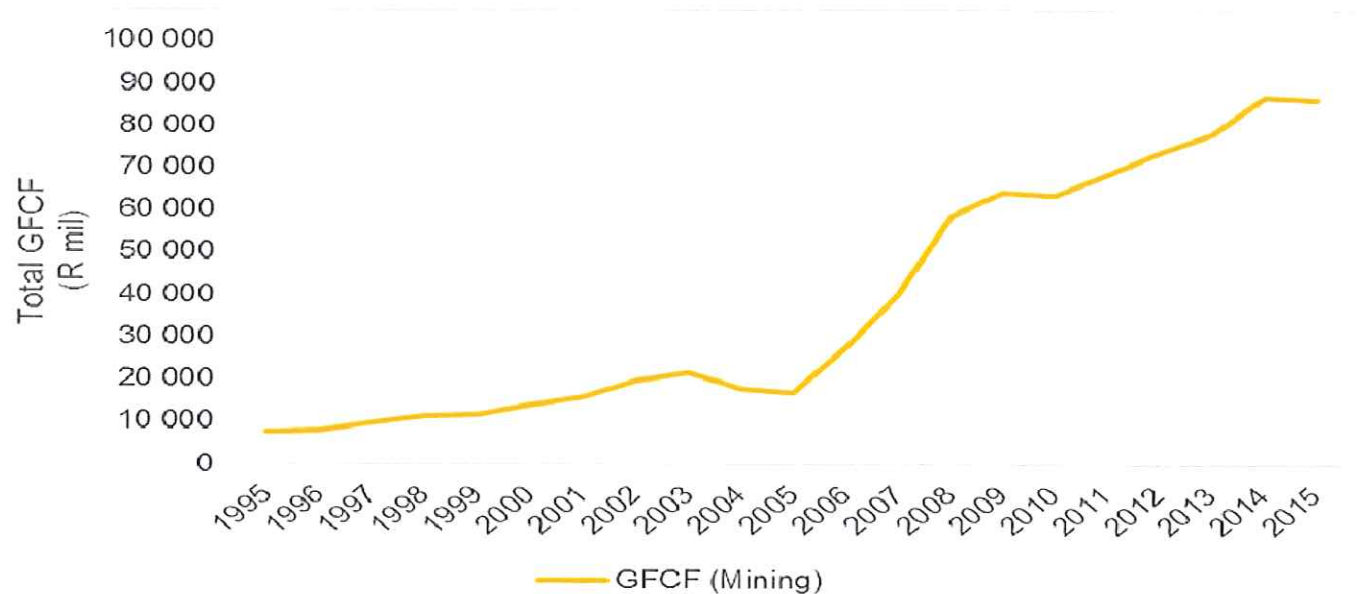
Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA



# South Africa's Mining Industry Overview

- **Direct Employment:** 470 000
- **Contribution to GDP%:** 8%
- **Contribution to Investment:** 10%
- **Contribution to Exports:** 30% of export earnings

## Investment Trends in Mining 1995-2015



**mineral resources**

Department:  
Mineral Resources  
**REPUBLIC OF SOUTH AFRICA**



# Promoting Investment in the South African Mining Sector

- Work with DTI, DST, DIRCO and State Agencies to promote investment in South African Mining Sector in an integrated manner
- Review efforts to coordinate social partners in mineral investment promotion efforts
- Key Events: Providing policy clarity, image-building and targeted investment promotion
  - Africa Down Under, September in Perth Australia
  - China Mining Congress and Expo, September-November, Tianjin, China
  - Mining Indaba, February in Cape Town, South Africa
  - Prospectors and Developers Association of Canada, March in Toronto, Canada



**mineral resources**

Department:  
Mineral Resources  
**REPUBLIC OF SOUTH AFRICA**



# Approach

- Approach based on the 4 key aims of Investment Promotion and International Coordination
  - Image Building
  - Policy Advocacy
  - Investment Facilitation
- Image Building: Exhibitions
  - “SA Inc Mining Investment Pavilions”, with SOEs
  - In partnership with the dti, DST and other Investment Promotion agencies
  - Publications
  - Promotional Material
- Policy Advocacy: Investment Seminars
  - Consistent themes and messages
  - Limited “bueracritic presentations” More participatory and dynamic approach
  - Local (Indaba) format vs. International conferences
- Investment Generation
  - “Junior” Miners
  - Mining Equipment Firms
- International Relations and Coordination
  - Also used as an opportunity to advance African Mining Vision and enhance bilateral South-South Relations



mineral resources

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

**NB: Interdepartmental Task Team with DTI, DST, PIPAs, SOEs, all Branches**

# Mining Indaba

## AUDIENCE/ CROWD

The Indaba provides a platform for different mining stakeholders to meet and exchange current economic and mining developments from the world's leading experts on African mining

- international mining analysts,
- fund managers,
- investment specialists,
- mining houses and government leaders



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Mining Indaba

- 2017 being marketed as the resurgence of the Mining Indaba: regaining investment focus and moving away from supplier marketing
- Pricing and value for money concerns
- Allegations of elitism (exclusion of communities, junior miners)
- DMR ensures participation of key stakeholders including PPC, Select Committee, Junior Miners



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Indaba Investment Seminar

- Based on MIGDETT “Stakeholders Declaration on Strategy for the Sustainable Growth and Meaningful Transformation of South Africa’s Mining Industry” 2010 which stated as key objective: “To promote investment, enhance competitiveness and drive transformation”
- Government Ministers and Principals of MIGDETT in Roundtable facilitated around ultimate aim of jointly promoting investment in mining
- Key issues and frequently asked questions fall into following themes;
  - Competitiveness
  - Mining Charter and Transformation
  - MPRDA Amendment Bill
  - Beneficiation
  - Labour
  - Innovation and R&D
  - Youth
  - Applications for Mining Rights
  - Tax Regime
  - Power Security and Infrastructure
  - Mechanisation, Safety and Jobs
  - Investment incentives
  - Small and Medium Enterprise Development and Youth
  - Women in Mining



mineral resources

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Why Invest in South Africa?

- SA has one of the most liberal constitutions in the World, guaranteeing rule of law and property rights
- Stable and Vibrant Democratic Country
- Independent judiciary
- World-class economic and telecommunications infrastructure
- One of the best geological terrain in the world
- Stable and predictable mining code that respect security of tenure, and regulatory certainty



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Why Invest in South Africa?

We have a Mining Sector strategy, with buy-in from government, mining companies, organised labour (unions). Implementation involving other stakeholders e.g. communities

<b>Regulatory constraints</b>	<ul style="list-style-type: none"><li>• Amended MPRDA to create integrated mining licencing system – in Parliament</li><li>• SAMRAD online application system being strengthened</li></ul>
<b>Beneficiation</b>	Beneficiation strategy in place
<b>Exploration</b>	Government investing - CGS
<b>Skills</b>	MQA, and Mining Charter
<b>Infrastructure</b>	Presidential Infrastructure Coordination Commission R1 trillion



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Opportunities in South Africa's Mining Industry

- Opportunities are throughout the entire value chain:
  - Green Field
    - Exploration – Various stages of exploration (Mineral and Geological Information)
  - Brown Field
    - Existing Mines
  - Mineral Processing and Beneficiation



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# One Environmental System

- Integrated Environmental Management System streamlines Mining, Water-Use and Environmental Licenses
- Provides for single-window in application
- Over 120 applications have been processed through single window since 2014 launch



**mineral resources**

Department:  
Mineral Resources  
**REPUBLIC OF SOUTH AFRICA**



# Invest South Africa (InvestSA)

- Focal point of contact in government for all investors to coordinate and facilitate the relevant government departments involved in regulatory, registration, permits and licensing.
- It shortens and simplifies administrative procedures and guidelines for issuance of business approvals, permits and licenses, thereby removing bottlenecks faced by investors in establishing and running businesses.
- Reduce the silo mentality, turnaround times , red tape and improve service delivery. ISA will fast track, unblock and reduce red tape in Government.
- ISA for Investors will provide:
  - Facilitation of the entire investment value chain;
  - Specialist advisory services to investors;
  - Co-ordination between the various line ministries;
  - Communication of these services to potential investors; and
  - Be the facilitation window of clearance for registration, licensing and permits.
  - Investors are encouraged to contact ISA at the dti for these services.



mineral resources

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Special Economic Zones (SEZs)

- Government has identified Special Economic Zones as a mechanism that will contribute towards the realisation of its economic growth and development goals;
- SEZ incentives and supports include:

Incentives Strategy	Funding Strategy	Infrastructure Strategy	Skills & Supplier Development	OSS Strategy
<ul style="list-style-type: none"> <li>i) 15% Corporate Tax</li> <li>ii) Building Allowance</li> <li>iii) Employment Incentive</li> <li>iv) CCA</li> <li>v) 12i Tax Allowance</li> </ul>	<ul style="list-style-type: none"> <li>i) SEZ Fund</li> <li>ii) Mix of funding instruments</li> <li>iii) PPPs</li> </ul>	<ul style="list-style-type: none"> <li>i) Bulk infrastructure by government through SEZ Fund</li> <li>ii) SEZ Locations</li> <li>iii) Various stakeholders roles in providing infrastructure in and out of zone</li> </ul>	<ul style="list-style-type: none"> <li>i) Skills dev. Strategies for SEZs</li> <li>ii) Supplier development programmes to develop our local businesses</li> <li>iii) Continuous training of civil servants</li> </ul>	<ul style="list-style-type: none"> <li>i) To reduce info search &amp; transaction cost</li> <li>ii) Facilitate permits &amp; licences for investors</li> <li>iii) Eliminate steps in approvals</li> <li>iv) After care</li> </ul>



mineral resources

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# Key Messages

- Transformation AND sustainability AND growth
- Richly endowed with significant opportunities for further discoveries and investment
- A key driver of growth, development, job creation and poverty alleviation
- Ensuring a responsive, efficient, integrated regulatory framework
- Investment in infrastructure to support growth



**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

Thank You  
Siyabonga  
Re a Leboga



**mineral resources**

Department:  
Mineral Resources  
**REPUBLIC OF SOUTH AFRICA**