President's Corner

25 years on, and it's election time

Recently, I have written several articles around the 25 years of democracy that we have experienced, and the 125 years of the SAIMM's history. These articles acknowledged the challenges we have experienced as an industry, but focused on the feeling of a 'new dawn' for a 'sunrise industry'. As I write this, we are into election week, and so our minds are focused on the promises and criticisms of politicians jostling for our votes.

This makes me think of where we are after 25 years of democracy from a more circumspect standpoint, in order to really unpack what we need to do individually, as an industry, and as an Institute to realize a better future.

I think a relevant starting point in this discussion is to understand how life has changed for individuals in our democracy.

For those who were relatively wealthy before the advent of democracy, life has probably not changed very much, and in fact is likely to be better, what with the equalization of high-level salaries with their international counterparts, relaxation on foreign exchange restrictions, and globalization.

At the other end of the scale, however, are millions of people who still live in poverty, and for whom the promise of a 'better life for all' is still a very distant dream. Service delivery protests in places like Alexandra, Soshanguve, and Eersterivier continue, and the frequency of these protests has appeared to increase, from as far back as 1970 according to Steven Friedland from the University of Johannesburg.

Meanwhile, in the middle are millions of people who either turn a blind eye to these protests or use their armchairs as a platform to postulate that this is a problem that government should sort out, and that the country is going to the dogs. They may also feel that apathy is fine, as their vote is unlikely to have any influence.

At the same time, we have experienced energy shortages, corruption, and state capture, with outcomes from the Zondo Commission continuing to astound us in terms of the sheer scale of interference and capture that took place. The astonishment that we feel is no doubt fuelled by an overwhelming feeling of 'how could we not have seen this coming?', thereby creating a kind of collective guilt and a feeling of inadequacy.

The much-maligned attitude that energy shortages are the result of the economic success of the country may have a tiny modicum of truth about it, in that the current crisis, fuelled by capture and mismanagement, was also created by poor strategic planning, which should have taken into account the strain that democratization and the resultant influx of people into the land of plenty and urban areas would place on the supply of these and other services.

The situation we find ourselves in now as individuals requires us to decide whether we have some collective responsibility to sort this out, or to leave it as a political battleground where the rich get richer and the poor get poorer, and inequality thrives. Ethical leadership that promises a collective and collaborative solution to our future is what I, in particular, am looking for.

How does this translate into the mining industry, and what has democracy done for it?

The idiom that 'a system is perfectly designed for the results it gets' holds true for our situation. Prior to democracy, driven by sanctions and mineral rights ownership and exclusion, our mining industry was populated by large, institutional mining houses.

After democracy, this had to change, and the Minerals Policy and the Minerals and Petroleum Development Act resulted in a new system of mineral rights ownership which was aimed at allowing new entrants into the industry, and participation by all. While the intent was noble, there were many practical obstacles that stood in the way of potential entrepreneurs, such as access to mineral rights, to finance, and to markets. I am in the privileged position of having assisted a new startup company to become a successful manganese producer, but this was a long and hard journey. However, it stands as an example of what can be done, and should help other new empowerment companies to develop.

The rise in commodity prices during the 'supercycle' created the opportunity for new entrants into the mining industry, both as startup companies as well as foreign entrants, and the unbundling of the institutional mining houses into commodity-specific entities. The development of new projects and operations, and the expansion of existing operations, created the expectation of new jobs, with the influx of large numbers of people into previously rural and agricultural communities, such as in Sekhukhuneland. The influx of people usually far outweighed the number of job opportunities available, and often, specialist workers such as rock drill operators were still sourced from traditional labour-sending areas as migrant labour. The result has been the creation of highly volatile, complex, and fractious communities in mining areas, often plagued by inappropriate housing policies, crime, social degradation, and poor service delivery.

Such a situation has been worsened by the effects of the end of the supercycle and the drop in prices, resulting in mine closures and retrenchments and accompanying anger amongst community dwellers. The memory of the events of Marikana and the loss of life there will remain in our consciousness for ever.

Rapidly increasing pressures regarding the 'social licence to operate', the protection of the environment, and health and safety matters are now front and centre instead of being peripheral issues to deal with, changing the way companies operate. Once these pressures were realized, legislation was enacted, the Mining Charter defined requirements, and mining companies spent their efforts on ensuring compliance. Thus, in terms of housing, companies looked either to granting their employees housing allowances, or building houses and schools, offering low-interest loans. While these developments have been impressive in many cases, they have created new social problems that were unforeseen, and people have become indebted beyond their means as a result of unexpected financial burdens.

The realization now is that the matter requires more than mere compliance, and instead needs strategic dialogue to be able to engage meaningfully, to understand the concerns and expectations of these communities, and society as a whole. This is an imperative, but does place an extra financial burden on companies; so if this is to work, there has to be a set of compacts that create platforms for dialogue and collective action, and a willingness to spread the financial burden. Where this impacts on service delivery, then it needs to address the issues that exist at a local, municipal, provincial, and national level. This requires recognition of the fact that many municipalities, and even provincial administrations, are in financial distress, that they do not have the competence or capability required, and that it is unreasonable or impossible to assume that these administrations can, on their own, solve the issues at hand. Public-private collaboration is essential, but not as charity. Instead, lines need to be drawn in terms of roles and responsibilities in such partnerships, to ensure sustainability through capacity development and the development of partnerships that are beneficial to all stakeholders.

I recently visited a number of villages in remote areas of the Northern Cape where, in discussions with community leaders, it became apparent that they felt their specific and gut-wrenching needs, such as accessible health services, water supply, and clean sanitation were not being adequately addressed, either by mining company Social and Labour Plans or by community trust share schemes. Often, in their opinion, these were focused on municipal needs (maybe driven by politicians) or by the needs within complex and partisan community dynamics and community leadership.

Coming back to my idiom that a system is perfectly designed for the results that it gets, the fact that we have a fragmented and ineffective landscape in terms of the benefits and impacts that mining has on the social landscape is symptomatic of the way that we have addressed the issue. A fragmented approach has resulted in a fragmented outcome.

And what of the role of our stakeholders? Organized labour maintains its position as being there to represent the interests of its members, but in a fragmented landscape of representation where demands have resulted in the longest strikes the industry has seen during these democratic times. These strikes have delivered very marginal benefits to members but created great economic hardship for people and communities.

NGOs have become increasingly active, using topical issues and situations for their advantage, to move their agendas forward.

None of this fragmented approach has been helpful in the greater scheme of things. So whose responsibility is it to realize the goals of the National Development Plan, and of society as a whole?

The answer is ... everyone's, as a collective. This can be construed as a naïve assessment, unless it includes a realization that each stakeholder's mandates should be respected, and that dialogues must take place in a transparent and honest way.

Let us understand how some of the popular words and ideas can be turned into reality, so that our industry can indeed realize a new dawn.

Modernization of our industry is inevitable, desirable, and necessary. Stakeholders should not shy away from the notion, but instead come together to create a common vision of what modernization means, and what impacts it must have on our employees and our communities. This must be a future that we engineer for the good of all, not one that is created in the interests of one or two alone. This requires dialogue and open engagement.

Part of this vision must involve a realization that old ways of working will become redundant, and that the new future must include upgrading of skills to new norms and to meet new needs, whether this be at operator or manager level. It also requires that we understand collectively the role of the industry in the greater society, and the contribution it makes to that society, now and in the future. This includes understanding and stimulating the full value chain and life-cycle of mining, which then leads to the establishment of local industrialization, appropriate beneficiation, and local agricultural projects. These need to be based on dialogue with communities to ensure that the interventions are value-adding for all involved, and not seen as some form of tokenism or handout.

Collaboration is a word that is topical but not always popular. We come from a situation where collaboration was seen as stifling competitiveness, and regarded by some as being slow and bureaucratic. The challenge to stakeholders is to find ways by which such bureaucratic slowness and inefficiency can be removed, so that processes are slick and efficient. We find ourselves now in a situation where solutions that are appropriate to all stakeholders must be developed in a collaborative way, and in a way that is fully inclusive of all needs. This then starts to drive the notion of 'co-creation' of solutions for the future.

Such co-creation must not be undermined in any way by suspicion, mistrust, or lack of transparency and openness. Inclusivity, transformation, and diversity must be celebrated and seen as cornerstones of our collective engagement.

All of these aspects are part of a new interpretation of the sustainability of the industry, which is considerably more complex than the three pillars of sustainability as espoused in 2002, being economic success, environmental care, and social responsibility. Indeed, the new view of sustainability inherently accepts the fact that mining is limiting, because it relies on a finite resource. Instead, mining and processing must recognize the need to develop successful post-mining landscapes, where the mining legacy is not one of destruction, exploitation, and profiteering, but rather one which co-creates new industries, new skills, sustainable communities, and a future that we can all strive for.

The Institute is in no way immune to these changes. It must transform from a purely technical organization that satisfies the needs of technical professionals and academics to an organization that actively provides the opportunity for dialogue and discussion on all topics and issues that will create the minerals industry of the future, as a pillar and foundation for a successful, transformed, and inclusive South Africa.

Your Council and Office Bearers will continue to assess and reassess the strategic direction of the SAIMM to support this.

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