The transition to democracy and its impact on SAIMM and the mining and metallurgy industry

Gys Landman

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I view myself most privileged to have been involved with the SAIMM since I graduated as a mining engineer in the mid-eighties. During this period many dramatic changes took place in both the South African mining environment as well as on the global mining stage. The most memorable being South Africa’s transition to a constitutional democracy 25 years ago with a constitution which stated that South Africa belongs to all who live in it. I became President in August 2010 at a time when the once great South African mining industry had reached a tipping point and had entered a dramatic period of decline. My tenure began in the wake of the 2008 Global Financial Crisis when the consequences facing the global mining industry generally and the South African sector specifically, were only just manifesting themselves. It was to be a difficult year of office.

For those involved in South Africa's mining industry the transition to democracy implied that all the potential value contained in our mineral wealth should be utilized to the benefit of all citizens. Immediately after the change in government in 1994, the process of transforming the mining industry began, with all stakeholders entering into what became a seven-year consultative process to find common ground as to how this could happen. This resulted in the promulgation of the Minerals and Petroleum Resources Development Act (MPRDA) in 2002. The first Mining Charter was signed in 2004 between the three major constituencies of the industry, organized labour, industry, and government. The Charter was a collaborative, extra-statutory accord as to how the industry was to be managed into the future. However, the spirit of cooperation that followed was not to last and relationships between the key players in the industry started deteriorating rapidly.

Riding the commodities boom in 2002, the South African mining industry showed encouraging signs, despite the contraction of the deep-level gold mining industry; however, resources and reserves were progressively depleted after sixty years of the most competent and adventurous mining the world had ever seen. The decline in the gold sector was initially offset by platinum as the new millennial metal substituting for gold and investment poured into the PGM sector. However, this new optimism and spirit in mining industry’s growth was choked by the policy uncertainty that followed the questionable implementation of the MPRDA and Mining Charter and new investment in the industry all but dried up. This led to hesitancy to invest in infrastructure development such as expanding harbour and rail capacity for exports, and water and electricity, which compounded the difficulties facing the industry. A new threat arose for the industry when the nationalization debate started in earnest. This was an entirely new challenge for a gutsy South African industry that had successfully overcome huge technical challenges and led the world in mining innovation. The nationalization challenge was an offshoot of a global problem facing the mining sector, the sentiment of resource nationalism sweeping through the emerging economies as communities and governments demanded a greater share of what they saw as the fabulous fruits of mining after decades of exploitation.

As incoming President in 2010, I was tasked with navigating the Institute into an entirely new arena of battle for the mining industry. As a technical institute, we neither understood well nor had the appetite to get involved in such a contest, but nevertheless, it was one we could not ignore.

I co-opted Mike Solomon, a Fellow of the Institute who had been involved in the policy process since 1992 and gave him the lead in the creation of a new function The Mineral Economics Division initiated by Gys Landman is still active and has followed up with this work though a new programme, Economy Beyond Mining, which is actively working with industry and government to develop innovative approaches to mining and its contribution to a sustainable economy.
for the SAIMM, the Minerals Economics Division. His brief was to monitor and work ranging from the new threat of community activism and demands, from the more radical elements in the ruling party clamouring for nationalization of the mines, to be able to inform and educate the members of the Institute on critical developments in these areas. While there was some reticence from many of the Council members, justifiably nervous of getting involved in the politics of the industry, a study into the demands being made by communities and an analysis of the threat was approved and commissioned by Council in 2010.

The study was funded by the Royal Bafokeng Nation and several mining companies. The 300-page report, a collaborative effort involving some of the country’s leading academics, was initially released at the Mining Indaba in February 2012 during the presidency of Dr Nielen van der Merwe. It was withdrawn for amendment to include an analysis of the ANC State Intervention in Mining Strategy (SIMS), which was ‘leaked’ at the Indaba on the same day that the report was launched. The revised report was released on 22 July 2012 and signalled in its opening paragraphs the volatile sentiments building up in the platinum communities on the Western Limb. It warned that the situation had ‘the propensity to explode’. It criticized the fact that while the symptoms of impending violent unrest were quite clear, there was a failure of the collective leadership in government, industry and labour to deal with the issues giving rise to the problem. Response was swift and retributive. The Minister angrily castigated Solomon for his ‘irresponsibility’ and demanded a written apology. The Marikana massacre hit on 12 August 2012, less than a month after the release of the report and its warnings and the Institute’s critics were silenced.

The importance of the social dimension of mining will increase in future and it is to be hoped that these aspects will increasingly be reported through the SAIMM. The importance of the social impact of mining on communities and its effective management has been illustrated vividly, particularly at Marikana, in the years following my presidency. The Mineral Economics Division that I initiated is still active and has followed up with this work through a new programme, Economy Beyond Mining, which is actively working with industry and government to develop innovative approaches to mining and its contribution to a sustainable economy.

As a result of the unfavourable investment climate that has crippled the South African mining sector as a result of the poor implementation of policy, many South African mining entities have migrated elsewhere and are looking towards the rest of Africa, Australia, Latin America, and North America for expansion. Previous presidents wisely changed the focus of the institute to embrace all Southern African countries and their mining industries to extend our relevance and influence.

The SAIMM governance structure has always been of great value to me. The SAIMM Council provide long-term guidance and vision, the Office Bearers committee interpret strategy while the Secretariat implement and execute. Office Bearers allow a President to be part of the strategy and execution for three years before serving as President. This reduces the risk of one person derailing the will of the SAIMM members during his or her presidency. I can only say that if anything of lasting value was achieved during my tenure, it was due to the collaborative thinking of those who surrounded me.

One of the main aims of the SAIMM then and today is the dissemination of new mining knowledge and know-how and, in the process, bringing leading technology innovators and thinkers together by establishing forums, colloquia, and conferences. Three concerns emerged during my time as President: Firstly, mining technology development in South Africa had been reduced by not only the demise of the Chamber of Mines Research Organization, but the mining technology development centres of big mining houses started moving to first world environments such as the USA and Australia. Secondly, the nature of mining technology itself was changing fast as the potential of the digital world became more apparent to mining. A third aspect is the management of the social impact of mining on communities and demands of host countries. As I have discussed above, the global trend at the time was resource nationalism, and the potential nationalization of mines in South Africa was being fiercely debated within the ANC and the broader mining community.

To sustain the relevance of the SAIMM at the time, it was realised that the three aspects of activity needed attention:

>> Sourcing of new mining knowledge,
>> Digitization and easy access to the SAIMM Journal papers; and the
>> Establishment of a minerals economic section to encourage more papers on sociology of mining, mining policy, changing economics of mining and environmental aspects needed focus.

It was also important to make membership of the SAIMM more attractive, especially in the countries surrounding South Africa. A target of reaching a membership of more than five thousand was set. As the aim was to stimulate sustainability of mining not only from a strictly technical point of view, but also promoting mining as an essential human activity.

The strengthening of the new SAIMM branches in Southern Africa helped to secure more inputs for conferences and papers. Relations with all universities in Southern Africa with mining or related programmes were strengthened. Useful relationships with other mining and metallurgy institutes in the English-speaking world and elsewhere have been established. This activity I believe has broadened the net to obtain quality submissions for the conferences and publications of the SAIMM.

To improve accessibility to SAIMM papers and journal material, a programme of digitalization of journal content began. It was believed that this material should be freely available and for this reason these papers have become part of the global OneMine Database of technical papers. In addition, the user friendliness of accessing the SAIMM collection of papers improved.

My presidency of the SAIMM was a highlight of my career and it was a privilege to serve the professional mining, metallurgical, chemical, and other engineers serving the mining industry in Southern Africa. The Institute has proved to be vibrant and dynamic and continues to maintain its relevancy by being open to change but staying true to its aims as required by its members who are the technical and economic professional bedrock on which the mining industry of Southern Africa stands.