

Mining returns must promote more employment-friendly activities

The returns from mining need to be used to promote more employment-friendly activities and empower mineworkers and mining communities. "We have to direct investments in infrastructure and a more efficient regulatory framework to both take advantage of new opportunities in mining and to support overall growth once the upward cycle in commodity prices ends," President Cyril Ramaphosa said.



President Cyril Ramaphosa

Mining is vital to the country's economy and has always had a dual role both in the economy and society. "On the one hand, mining contributes over half of our goods exports, around 10% of GDP and 5% of employment. It is a pillar of our capital goods industry. It is not a coincidence that when global metals prices peak, our economy and job creation also surge.

"On the other hand, mining has historically been central to South Africa's deep inequalities. Ownership is concentrated in a few huge companies, while workplaces, pay scales and communities around the mines are still largely shaped by discriminatory relationships established under apartheid," he said.

In constant dollar terms, prices for most of metals exports led by platinum, gold and iron ore are now as high as they were at the peak of the last commodity boom in 2011. "These prices have helped sustain the economy despite the sharp decline in the hospitality and tourism industries. As a result, our growth has recovered far better than we thought possible in the bleak days of last April, although employment creation is still far behind.

"Now is the time to facilitate investment along the mining value chain to promote broader job creation, small business development and growth in dynamic new industries," Ramaphosa said.

Infrastructure

Investment in infrastructure is a crucial part of government's contribution to growth in mining. "We have seen that with the rapid growth in the platinum belt over the past 20 years. Kumba Iron Ore would not exist without Transnet's bulk ore lines from the Karoo to the coast. The new mining developments in the Waterberg in Limpopo depend on the state for efficient and low-cost transport and energy," he said.

Government also faces a host of other worthy demands for infrastructure support which they range from providing basic services for communities hit by the Covid-19 crisis, to upgrading industrial sites for manufacturing, to fixing the national electricity system.

“The challenge in these circumstances is to use investment in infrastructure for the mining value chain to improve conditions for all of our producers and our communities.

“Our new investments in mining must mobilise resources from outside of the government and contribute to broader economic development,” the president said.

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