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SA's Mining leadership needs to grasp opportunities missed in the last commodity boom

Posted by Newton Mthethwa | Date: August 18, 2016 |
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Signs of resurgence in platinum, a stronger gold price and growing coal exports to India should be triggers for South Africa's mining leadership to grasp the opportunities that it missed in the last **commodity boom**, according to consulting engineers and scientists SRK Consulting (South Africa).

"It is time for the mining sector to get some traction from **the National Development Plan, Mining Operation Phakisa and the Mining Lekgotla** – all crucial initiatives that have yet to be given real substance," said Marcin Wertz, partner and head of the mining unit at SRK Consulting. "Technical, social, labour and policy issues have to be resolved urgently – so strong leadership is now vital if we want to catch the next upturn."

Wertz said that stemming job losses was a national priority, and mines could only do this if there was better collaboration toward the common goal of economic sustainability.

“SA mines face serious technical and cultural changes if they are to survive,” said SRK partner and principal consultant Andrew van Zyl. “There is a younger generation of professionals who can do this if they are supported by a conducive and more cooperative environment, but changes in attitude are essential. We cannot keep kicking this can down the road and leaving our successors to solve the sector’s problems.”

Van Zyl cautioned that SA’s mature mining industry was not well placed to create more jobs in future; however, better-paid jobs that demanded higher-level skills and technology were on the cards as mines were forced to raise productivity.

The more likely source of future employment growth was in mining’s supply sectors, said Wertz, especially those focused outwardly at the substantial unexplored potential in other parts of Africa. He said there were already early signs of renewed interest in Africa among explorers and developers who see the value in preparing well in advance of an economic recovery.

“SA’s support sectors, from mining machinery and technology to engineering skills and local experience, have much to offer the continent,” he said, “as our local solutions today have to address not just the technical demands of mining, but broader challenges such as local economic development, empowerment and migrant labour. These are common themes throughout Africa.”

Many clients appreciate working with SA companies which have experience around the continent, according to Van Zyl, especially as projects became larger and more complex.

“These more ambitious projects require lengthy stakeholder engagement and familiarity with different regulatory and policy regimes,” he said. “Generally speaking, SA has walked many miles on a mineral journey that some African countries have yet to begin.”

Van Zyl emphasised the developmental potential of successfully exploited bulk minerals in Africa, which demanded local, national and even cross-border regional infrastructure that precious metals like gold and platinum could often do without.

“Large mines extracting commodities like iron ore or bauxite – when planned with consultation, patience and detailed investigation – can leverage public and private funding for considerable national advantage,” he said. “Public sector provision of rail lines and harbours, augmented by mine-related products and services from the private

sector, leads to positive knock-on effects that ripple through the whole economy.”

Indeed, he added, the constrained financial climate provided much-needed breathing space for mining companies and governments to consider, plan and discuss ambitious mining opportunities – especially those requiring intricate contractual arrangements among many participants.

“A good pre-feasibility study, for instance, is not a costly exercise but can lead to huge savings –by helping optimise a planned operation, by facilitating meaningful negotiations with stakeholders, understanding options should the macro environment change or by preventing the wastage of much greater sums,” said Van Zyl. “But to rush the planning process opens the door to considerable risk that Africa’s struggling mining sector can ill-afford.”

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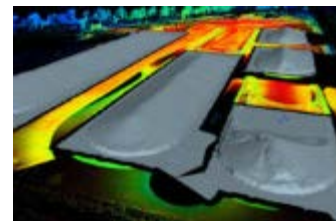


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