Mining Indaba 2024 – South Africa cold-shouldered at its own party

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Although the Mining Indaba was held at its usual venue in Cape Town, South Africa, in 2024, participants showed very little interest in the host country. Delegates and speakers were far more inclined to talk about prospects in other African jurisdictions, with Zambia being perhaps the star of the show.

The primary South African focus of attention was the confirmation, by Minerals and Energy minister Gwede Mantashe, that a new minerals cadastre was in the process of being commissioned. This issue has been brewing since the disastrous Sanrad contract was issued in 2011 and has resulted in South Africa being, in the words of Anglo American CEO Duncan Wanblad, being 'one of the world's least explored mining regions'.

But while relief was expressed that a preferred bidder has been announced for South Africa's minerals cadastre, there were also concerns that the process looks cumbersome and riddled with potential pitfalls. The winner is PMG, a consortium of three companies, led by an experienced Canadian player in Pacific GeoTech Systems. But the initial announcement by Mantashe's department (at the end of January) suggests that PMG will be required to design a new system.

This flies in the face of previous promises to purchase an 'off-the-shelf' cadastre such as the Spatial Dimension system used by African jurisdictions like Botswana, Namibia, and Tanzania. In the case of Botswana, applications can made on the internet and decisions are forthcoming within 30 days. Botswana is an exemplar of a stable enabling environment. Its mining legislation has only been amended twice in 50 years and it has for many years been the highest ranking African jurisdiction in the Fraser Institute's annual mining survey.

During the Indaba, Spatial Dimensions announced that it would be implementing its system in Angola next. Mantashe promised that that the minerals licensing system would be migrated to the new system within 12 months. But given the collapse of the department's capacity – not one of the 2 500 applications made in the last financial year have been processed – some degree of scepticism seems to be in order.

President Ramaphosa's keynote address on the first day of the Indaba was a lacklustre affair. Most of his time at the podium was spent detailing the plans developed by the 'workstreams' the Presidency has developed in collaboration with the private sector. These include energy, crime, and logistics. Although Ramaphosa threw in phrases like 'rapid and fundamental change' and 'unlock(ing) massive new investment' the speech was effectively an iteration of the failings of the jurisdiction.

These failings were the subject of comment by some high-profile Indaba attendees. Sibanye-Stillwater CEO Neal Froneman told Daily Maverick journalist Ed Stoddard that the company's security costs in South Africa, in 2023, were ZAR1.1 billion, 19 percent higher than in 2022. He added that there had been 158 attacks on Sibanye-Stillwater security personnel in 2023 and that copper cable theft had cost the company ZAR93 million last year.

Among the attendees who discussed the South African problem, there was a sense of frustration at the lack of urgency shown by government in addressing issues. Mantashe has been missing promised deadlines for the new cadastral system for more than three years. Anglo American's Wanblad described South Africa as 'a very noisy democracy' and added that 'there's a lot more talking and it takes a lot longer to get that talking done. When Ramaphosa spoke about how his logistics workstream reports back to him every six weeks, one executive was heard to snort and say 'it should be every six hours'.

By contrast, some of the other African leaders at the Indaba were able to tell a good story. Zambia's president, Hakainde Hichilema, presenting to the opening session of the Indaba, was in a position to crow. His country's investment climate has been the subject of notable reforms over the past two years. Among other things, it has stabilized the minerals tax regime, explicitly and repeatedly stated that it would not meddle in the operations of mining companies as its predecessor had done, and focussed on improving the enabling environment, including energy and logistics.

Hichilema was thus able to boast that Zambia has been able to attract US$7 billion in new investment into its mining sector. The two large copper mines which had effectively been confiscated by the previous government (Mopani and Konkola) are in the process of being returned to private ownership. A major nickel mine (Enterprise) has started operating and the country is now the world's largest producer of emeralds. Initiatives to refurbish the copper belt's main east and west rail links (the Tazara and Lobito corridors) are underway, the latter probably with considerable concessional finance from the US.

Besides Zambia, a number of countries were the subject of praise for improvements to their enabling environments. These included Angola, which was able to announce an exploration Memorandum of Understanding with De Beers at the Indaba. The diamond mining giant intends returning to the country after a 10-year absence. Tanzania sent a delegation, comprising both public and private sector representatives to the Indaba for the first time and appears to be regarded as a much more viable investment proposition than it was under the interventionist and erratic stewardship of the late John Magafuli.

Some of the interest in African mining is driven by the desire to find so-called critical minerals, needed for the global transition to net zero carbon. According to many sources, including PwC, demand for minerals like copper, lithium, nickel, cobalt and rare earths can be expected to considerably exceed available supply in the years ahead. Mining in many parts of Africa is difficult thanks to well-known deficiencies in infrastructure and logistics. But the quest for critical minerals is an opportunity and the 2024 Mining Indaba showed how many previously unstable jurisdictions on the continent are becoming more investable.

The contrast with the host country was more marked this year than ever before. It is difficult to disagree with the opinion passed on by experienced Johannesburg journalist, Hillary Joffe, that 'South Africa (is) essentially uninvestable'. The jurisdiction still has considerable strengths in mining technology and finance but unless its growing weaknesses are adequately addressed, these will be wasting assets.

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