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Mining reforms clear way for Australian investment in Southern Africa

*By David Goeldner**

SOUTH Africa's Minister for Mines and Energy Affairs Ms Phumzile Mlambo-Ngcuka delivered a clear message to Australia's mining elite recently that Australian investment in southern Africa was not only welcome but encouraged in terms of recent legislative reforms aimed at revitalising the republic's mining industry.

Following a three day national mining summit held in Pretoria, Ms Mlambo-Ngcuka impressed upon delegates at the AusIMM Southern Africa - Australia Mineral Sector Synergies Symposium in Canberra that mining in South Africa is a sunrise industry with much to learn from Australia.



South Africa's Minister for Mines and Energy Affairs Ms Phumzile Mlambo-Ngcuka addresses delegates at the post-symposium function at the South African High Commission in Canberra. The Minister is joined by High Commissioner Dr Bhadra Ranchod, left, and first secretary Malusi Mahlulo.

The Minister said Australian investment in exploration and mining in the republic would most likely increase due to a shift in legislation under the proposed Mineral Development Bill, which aims to open local and international access to mineral resources under a revamped system of state custodianship.

However, she was concerned that while working conditions and production levels would improve under new reforms, the South African community would miss reaping sustainable economic benefits unless a growth in secondary beneficiation industries occurred within South Africa's borders. The Minister also emphasised the need for a robust

junior mining sector.



AngloGold CEO Bobby Godsell, left, and JKMRC Director Professor Tim Napier-Munn exchange views on the future of minerals sector R & D in southern Africa.

"Despite a positive trend in recent years, less than ten per cent of the minerals exported from South Africa leave the country in a beneficiated form," the Minister said. "The remaining 90 per cent can be subjected to a value adding process, but this is not yet done, leaving room for many new investment opportunities."

Given that the location chosen to process minerals - whether locally or shipped to a foreign port - was based on economic factors, and therefore fell largely outside the government's legislative framework, Ms Mlambo-Ngcuka pointed to incentive schemes which provided concessions for mineral processing operators.

"We would like to see more companies whose specialty and expertise is in beneficiation investing and operating in South Africa," Ms Mlambo-Ngcuka said. "In fact our incentive schemes are much more in favour of those kinds of companies than those who are involved just in mining."

Evidence that Southern African mining was now a sunrise industry was reinforced by Anglo Gold CEO Bobby Godsell who said the industry had moved from the morgue, to intensive care and now the recovery ward over the past five years.

"We are in the middle of ambitious programs to completely re-skill our workforce and to re-engineer our workplaces, with progressive introduction of technologies that will improve both safety and productivity," he said.

"Mining is among the most technically challenging of any jobs, and can and should be high tech. We have made far too little use of technology in general and information technology in particular."

Mr Godsell said the adoption of new technology, was an important factor in establishing mining as the centrepiece of the new South African economy.

Much of this technology has originated from Australia through AMIRA International, the Julius Kruttschnitt Mineral Research Centre and the Centre for Mining Technology and Equipment.

"Whilst companies will compete in many areas, it is also possible for both companies and industries to co-operate in the development of new technology," Mr Godsell said.

JKMRC Director Professor Tim Napier-Munn said Southern Africa's platinum industry was a timely example of how strategic alliances built on mineral processing R & D was influencing the way in which the industry was beginning to embrace emerging technologies.



AusIMM CEO Don Larkin, left, with Centaur Mining managing director Joseph Gutnick at the Southern Africa - Australia Mineral Sector Synergies Symposium in Canberra.

Run by the University of Queensland's Julius Kruttschnitt Mineral Research Centre and brokered by AMIRA International, the 'P9' Project has proved so successful that every major Southern African platinum producer is represented, along with several other companies from other sectors, Professor Napier-Munn said.

Since the mid-1990s the project had forged strong links with the University of Cape Town, particularly in the science of flotation and more recently comminution (rock breakage).

"P9 continues to break all records for a project of its type with funding worth nearly \$2 million a year from 40 companies in five countries, including 16 from South Africa," Professor Napier-Munn said.

"The way in which P9 has emerged as an important formal link between Australian and Southern African mineral processors could provide the template for similar ventures between the two nations."

Mr Godsell said that just as large number mathematics and rocket science have transformed the world of futures trading and derivatives, so the advances of these sciences should impact on many other areas of mining.

Placing recent advances in information technology within the same context as advances in traditional geo-sciences, Mr Godsell said efficient capture and manipulation of information has every bit as much application to extracting on

average seven or eight grammes of gold from each ton of rock mined at depths of two or three kilometres as it does to any e-commerce business.

Prominent Australian mining identity Mr Joseph Gutnick said during his announcement at the Symposium of a US\$500 million Capital Growth Resources Fund that too much emphasis had been placed on 'dot.com' mania as an investment choice, rather than as a tool for the mining industry.

"Instead of trying to compete with dot.coms we are saying let's raise money via a less conventional route and use our expertise to create a portfolio of minerals projects and provide above average returns to our investors," he said.

Like Mr Godsell and Professor Napier-Munn, Mr Gutnick agreed that strategic alliances had become very attractive in the resources sector lately as companies recognise they need technical and/or financial assistance to discover new orebodies and develop projects.

"The concept of helping each other so that both can improve their net position is a concept that is catching on fast."



Promoting the South African minerals sector to the Australian mining industry in Canberra were South African High Commission marketing officer Mark Weaver, left, and the commission's first secretary Malusi Mahlulo.

AusIMM Canberra Branch chairman Mr John Bain said convenor Mr Peter Hancock had developed a symposium which explored potential synergies between Australia and Southern Africa.

"It was obvious that the symposium had evoked passionate arguments encouraging southern African mineral exploration in Australia, and likewise for Australian mining companies to spread their activities to southern Africa," Mr Bain said.

"The whole sector of southern African mining was represented at the symposium including mining union officials, company CEO's and politicians - in fact the whole spectrum of mining in the region was represented at the highest level."

Mr Bain said the South African High Commission's support for the symposium had helped strengthen the relationships between the respective countries' mining and minerals enterprises, and reinforced the bonds of friendship between the nations.

Also speaking at the event were Zimbabwean Minister of Mines, Environment and Tourism Simon Moyo, Director and founding partner of SRK International Oskar Steffen, Delta Gold and Zimplats Managing Director and CEO Terry

Burgess, and Iscor Australia Managing Director Kowie Strauss.

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