



## 2016 JOBURG INDABA INDEX

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**The Joburg Indaba Index – a perception survey of the SA mining industry’s readiness to modernise.**

***A definition of Modernisation: “A Modern Mining Industry will optimally extract and beneficiate the country's natural resources, causing no harm to people or planet. It benefits both the local community as well as the national economy. It procures locally, is a preferred employer of well-skilled people and creates appropriate risk adjusted returns for investors. Regulations, taxation and incentives are consistent, transparent and recognise mining as a long term driver of economic growth.”***

Through the Joburg Indaba Index, we are unpacking modernisation in the industry, how we measure up and how ready we are to modernise. The Joburg Indaba Index was done via an on-line survey in the week preceding the 2016 Joburg Indabas. Of the individuals who participated, 26% were at General Manager level, 30% were CEOs or Executives in the industry and another 16% were Directors of mining companies.

### **Findings**

Just over 56% of participants were either positive or very positive about the *Future* of the SA Mining Industry (up from 52% in 2015). 43% were either negative or very negative. Not surprisingly, only 22% rated SA Mining as good or world class in terms of the use of *Modern Technology*. It is worth noting that the various sectors were rated very differently with Gold at 15%, Platinum at 29%, Bulk Materials at 49%, Coal at 57% and Diamonds shining at a high 75%.

In terms of technologies used in SA mining, only 55% thought that the *Rock-breaking Technology* was either current or state of the art. This went up to 58% for *Ore Transport*, 67% for *Support*, 84% for *Exploration* and a very high 87% for *Modelling and Design*.

In terms of skills, South African CEO’s were favourably compared with the best companies in the world, with 75% rating them average or above average. Other technical skills like *Maintenance and Engineering* got a 51% positive response, *Mining Engineering* 58% and our *Geologists and Mineral Resource Managers* were tops at 74%.

However, only 24% of respondents rated *People and Leadership Skills* as good or world class. Only 23% thought management’s ability to *Communicate with Employees* was effective, 31%

thought *Communication* with other *Stakeholders* was effective and not surprisingly 86% thought *Communication with Shareholders* was effective. Although 49% rated managers as effective in *Building Relationships with Employees*, that dropped to 43% for *Relationships with Unions*. Very consistent with international data, only 14% thought management to be good at *Listening to Employees' Inputs and Suggestions*, and only 6% rated management as good at *Engaging and Inspiring the Workforce*.

In the regulatory space, only 9% thought there was adequate *Certainty* (a drop from 20% in 2015). 89% rated the *Application of the Regulation* as either corrupt (32%) or inconsistent (57%). *Compliance Demands* on SA mining were seen as very high and costly by 70%. Two very significant findings were that 82% of respondents felt that *Regulations Push Investors Away* and 61% felt that regulations were too *Skewed in Favour of Labour*. 14% picked *Labour/union Issues* as the one factor *Keeping Investors Out* of the sector, with 65% picked *Regulatory Uncertainty*.

The other options namely old mines, BBBEE requirements', low returns and bad management registered very low support (1 % to 8%).

The *World Class Resource Endowment* was picked by most (67%) as the *Best Thing SA Mining* has got going for it from an investor's perspective.

On the contentious issue of *Section 54 safety stoppages*, 43% thought these made a positive contribution, albeit too expensive, with only 7% rating them as definitely worth the cost. There was good alignment between the perception that *Communities Want Jobs* (57%) and *Involvement* (31%) and companies' desire to provide *Jobs* (62%) and *Involvement* (25%).

Perhaps not surprisingly, 43% thought senior and executive management were most prepared for the *Modernisation* of the South African mining industry, followed by investors at 34% and the boardroom at 13%. 6% rated operators as least prepared with another 5% saying frontline supervisors were least prepared.

<b>SA Mining Industry Modernisation Report</b>		
1.	Use of modern technology (overall)	42%
2.	Mining technologies	60%
3.	Exploration, modelling and design	86%
4.	Technical skills	59%
5.	Leadership skills	24%
6.	Communication skills – Internal	45%
	External	31%
7.	Listening, engaging, inspiring skills	24%
8.	State of the art systems	52%
9.	People structures & practices	47%
10.	Regulatory certainty	8%
11.	Ease of compliance	30%
12.	Investor friendly regulations	18%
13.	Correct balance between stakeholders	16%
14.	Providing jobs/ participation for communities	60%
15.	Natural resource endowment	67%
16.	Preparedness to modernise - Top Levels	43%
	Bottom Levels	6%
<b>Overall Joburg Indaba 2016 Index</b>		<b>40%</b>