

CAUSES OF SA'S DROP IN COMPETITIVENESS

By Andy Clay

The Fraser Institute survey of 72 mining countries pushed South Africa down to the 61st position, from its 49th position previously. This is shocking to say the least but begs the question "why and what has caused the slippage?" Fraser has a very simple principle which is as follows: -

"In order to attract mining investment, jurisdictions must uphold the rule of law and respect negotiated contracts and property rights. Jurisdictions that fail to do so can not compete successfully on a global scale."

Over the years, Venmyn has been striving for top quality independent compliance with all stakeholders to generate top quality compliant documentation as well as to change the rules and regulations to ensure meaningful investor friendly and graphic information on mineral assets. In that regard, we think the quality of private and public mineral reporting has improved substantially. We now have the CRIRSCO codes and SAMCodes in South Africa as well as revised JSE Listing Requirements for companies to adhere to.

So if industry is playing its part with top quality compliance surely it is the political component that is causing the problem? Mineral Resources Minister Susan Shabangu has created the South African mining industry's special task team and asked it to pull the country back from the global mining brink where it now ranks with the likes of Zimbabwe, the Democratic Republic of Congo and Venezuela. Well unless government follows the same rules as the private and public companies we won't solve the problem.

To my mind, if statal and parastatals own and operate mines in direct competition to its electorate then this creates a massive conflict of interest and THAT is the problem. Unfortunately, if the Minister can't see that then the rating will continue to go down.

Please send your comments to Andy Clay.