

SA mining sector cannot afford further loss in investor confidence

Peter Leon, head of Africa mining and energy at Webber Wentzel, writes in *BDlive* that events at the Marikana mine may prove to be the catalyst in crafting a new deal for the industry.

South Africa's troubled mining industry, he says, was at the veritable crossroads even before 46 people tragically lost their lives during an illegal and unprotected six-week strike at Lonmin's Marikana platinum mine.

When a settlement between mineworkers and Lonmin was finally reached, Leon says, it led to wage increases of between 11% and 22% - representing an actual 3% improvement for most mineworkers, because wage increases include a 10% increase that was negotiated before the strike and which would, in any event, have taken effect. Settlement-negotiations were mediated by the South African Council of Churches - bypassing the National Union of Mineworkers (NUM) and underlying the serious loss of confidence in the collective bargaining process itself.

With a record 6.4% current account deficit already attributable to lost mine production in the first quarter of this year, any further loss in investor confidence in the mining sector is something South Africa simply cannot afford, Leon says.

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