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The Witbank junior coal miners: a blue print for success in the South African coal industry

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2018

https://hdl.handle.net/10539/25737

Oduah, Richard Chukwudumebi, (2018) The Witsbank junior coal miners: a blue print for success in the South African coal industry, University of the Witwatersrand, Johannesburg, https://hdl.handle.net/10539/25737.

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ABSTRACT

In 1998, the HDSA Act was promulgated with a view to economically empower black owned business entities including junior coal mining companies. However, many Witbank junior coal miners continue to struggle to establish themselves and to compete sustainably with their larger and more established counterparts in the South African coal mining industry. It is therefore still unclear as to what level of success has been achieved in light of this Act.
Numerous challenges continue to face every junior coal mining operation, including knowledge and skills gaps, limited access to funding, barriers to entry, poor access to reliable coal geological data and knowledgeable service providers, difficult compliance to mining legislation and unpredictable coal market volatility. A further challenge is the threat of reduction in coal usage as a source of power generation, this as a result of strong global and national initiatives to use alternative energy sources in the form of renewables.

However, as long as coal remains a key commodity for industry, power generation and export, which is considered to be well into the next 2 to three decades if not longer, the Witbank junior coal miners have the potential to achieve considerably higher levels of success in their operations, marketing and earning capacity than is currently the case. Investigations undertaken in this study have found that, by taking certain steps, even the smallest mining entity would be enabled to compete more effectively in the coal industry. It is proposed that an in-depth knowledge of the coal industry coupled with industry-specific technological innovations and skills, business management models and the consolidation of the junior coal sector through cooperatives could see junior coal miner assets sustainably upgraded into more profitable business ventures.

In order to address the many issues facing initiation, start-up and early operation of an emerging or junior coal mine, a protocol was developed during the course of this study in which a number of key aspects are addressed. These have been laid out in a manner easily understood and achievable by even the smallest coal mining operator. These aspects include the technical and business side of small scale coal mining, including the benefits of single owner-operated versus cooperative operations. Matters such as safety health and environmental legislations which are essential to all mining operations are applied to the smaller scale operators.