

DMR 25906 SC LAND

Department of Mineral Resources

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**PRESENTATION TO THE SELECT COMMITTEE
ON THE PROGRESS MADE IN THE
IMPLEMENTATION OF THE MINING CHARTER
AND EFFORTS TO UPLIFT ECONOMICALLY
DEPRESSED MINING VILLAGES.**

6 September 2016



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083-784 6726

073-0959 263

PRESENTATION OUTLINE

- ❑ Background.
- ❑ Progress made with the Implementation of Mining Charter.
- ❑ Review of the Mining Charter.
- ❑ Revitalisation of distressed mining towns.
- ❑ Integration and Co-operation of IDP and SLP.
- ❑ Concluding Remarks.



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BACKGROUND

- ❑ The Mining Charter was implemented in 2004.
- ❑ The Mining Charter was amended in 2010 to facilitate Sustainable Growth, Development and Transformation of the South African Mining Industry.
- ❑ The 2010 amendments introduced Effective Historically Disadvantaged South Africans (HDSA) ownership through Meaningful Economic Participation and full shareholder rights (broad based).



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BACKGROUND (cont.)

- ❑ The year 2014 marked the 10th year anniversary of the Mining Charter, and the period at which all targets set should have been met.
- ❑ The Department developed a reporting template through a consultative process with the Mining Industry Growth Development and Employment Task Team (MIGDETT).
- ❑ The Department developed a Web-based system to collect the data from mining right holders.
- ❑ The data was assessed with the assistance of an Actuarial Scientist.



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MINING CHARTER ELEMENTS

1. Reporting

Each mining right holder has to submit report – there must be documentary proof.

2. Ownership

Right holders should have achieved 26% ownership to enable meaningful economic participation of HDSA . With identifiable beneficiaries namely, *entrepreneurs, communities and workers.*

3. Housing and leaving conditions

Conversion and upgrading of hostels to one person per room or family units.

4. Procurement and Enterprise development

Large chunk of procurement spent must be from HDSA companies (40% of capital goods, 70% of services, 50 % of consumables).

5. Employment equity

HDSAs representation should be at a minimum of 40% across all levels.



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MINING CHARTER ELEMENTS (cont.)

6. Human Resource Development (HRD)

Expenditure on HRD should be 5% of total payroll.

7. Mine Community Development

Implementation of approved mining community projects.

8. Sustainable Development

- Implementation of approved Environmental Management Programme (EMPr).
- Implementation of Health and Safety action plans.



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PROGRESS MADE IN IMPLEMENTING THE MINING CHARTER ASSESSMENT RESULTS

- ❑ The assessments indicated that a number of right-holders did not meet the targets set in the Mining Charter.
- ❑ On ownership, the interpretation of the ownership element is a subject of a judicial process, as instituted by the Chamber of Mines, while an independent legal firm has also filed court papers questioning the legal validity of the Mining Charter.
- ❑ The Department of Mineral Resources has filed its responding affidavits to both cases. A process of resolving the matter has been initiated and deliberations are at an advanced stage.



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PROGRESS MADE IN IMPLEMENTING THE MINING CHARTER ASSESSMENT RESULTS

- Orders are being issued against mining companies for failure to comply.
- Over 400 orders were issued for non compliance against mining companies.
- Engagements with communities and other stakeholders held as part of implementation of the Mining Charter, in areas such as Steelpoort, Phola, etc.



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PROGRESS MADE IN IMPLEMENTING THE MINING CHARTER

- ❑ One of the key observations made from implementation of the Mining Charter, relates to challenges with accessing procurement opportunities within the mining industry.
- ❑ In response to this, a youth in mining transformation summit was held in June 2016, in Fourways focusing on the young entrepreneurs. Over 250 entrepreneurs attended and resolutions were agreed upon and are being implemented.
- ❑ The key outcome included intensification of youth participation in procurement, mentorship for young entrepreneurs and government intervention in assisting entrepreneurs to access opportunities in the mining industry.



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PROGRESS MADE IN IMPLEMENTING THE MINING CHARTER ASSESSMENT RESULTS

- ❑ Audits were also conducted at mines and some mines were found not to be compliant on procurement elements which has resulted in orders being issued against companies for failure to comply.
- ❑ Over ten (10) high level procurement sessions involving CEOs and entrepreneurs have been held, at which companies presented concrete opportunities available have been held. Companies that participated include LONMIN, Anglo American Coal, Sibanye Gold, PPC, Goldfields, Glencore, etc. Implementation plans for each sessions have been compiled.



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REVIEW OF THE MINING CHARTER

Noting the outcomes of the Mining Charter assessment results,

- The Department is currently in the process of reviewing the Mining Charter.
- The review process takes into account the need to align and integrate Government policies to remove ambiguities in respect of interpretation.
- In this regard, the reviewed Mining Charter will be aligned to the provisions of the Broad-Based Black Economic Empowerment Act, 2003 (as amended), the Codes of Good Practice (DTI Codes) and the Employment Equity Act.
- The Department will revert back to parliament with a more detailed presentation dedicated towards the review of the Charter.



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REVITALISATION OF DISTRESSED MINING TOWNS

- An Inter Ministerial Committee (IMC) for the Revitalisation of Distressed Mining Communities was established during 2012 to address Part 3 of the Social Accord (SPP): Addressing socio-economic challenges in mining districts and their labour sending areas. The IMC has focused on:
 - **Integrated and sustainable human settlements**, led by the Department of Human Settlement.
 - **Improved socio-economic conditions**, led by Department of Trade and Industry.
 - **Improved working conditions of mineworkers** led by the Departments of Health and Labour.
 - **Decent living conditions for mineworkers** and contribution to the development trajectory of mining towns and labour sending areas, led by the Department of Mineral Resources.



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REVITALISE DEPRESSED MINING TOWNS..CONT

Fifteen mining areas in five provinces and their associated labour sending areas have been prioritised for the revitalisation of distressed

MINING TOWNS			
PROVINCE		DISTRICT MUNICIPALITY	LOCAL MUNICIPALITIES
Limpopo		Sekhukhune	Fetakgomo, Tubatse, Elias Motsoaledi
		Waterberg	Lephalale
Gauteng		West Rand	Westonaria, Randfontein, Mogale City, Merafong
North West		Bojanala	Rustenburg, Moses Kotane, Madibeng
		Dr. Kenneth Kaunda	Matlosana
Mpumalanga		Nkangala	Emalahleni, Steve Tshwete
Free State		Lejweleputswa	Matjhabeng



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES: HUMAN SETTLEMENTS

- ❑ Approximately 66 public sector housing projects are currently being implemented in the 15 prioritized mining towns.
- ❑ In the 2014/15 financial year more than R419m was spent of the ring-fenced budget for informal settlement upgrading in prioritized mining towns in Free State, Mpumalanga and North West provinces.
- ❑ Overall over 5 000 units have been delivered in the mining villages. –For 2015/16 financial year the Department of Human Settlements has aimed to improve this delivery figure and has ring-fenced R1 billion that is anticipated to deliver approximately 19 000 housing opportunities in mining towns.



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES: HUMAN SETTLEMENTS

- ❑ Approximately 592 hectares of land has been acquired by municipalities supported by the Department of Human Settlements for the purposes of human settlement development in the prioritized mining towns.
- ❑ The majority of this land is in the Fetakgomo (Limpopo) and Rustenburg Local Municipalities (North West). A further 5,646 hectares has been identified for acquisition.



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES: HUMAN SETTLEMENTS

- In addition to the ring-fenced human settlement grant funding for distressed mining towns, the Department of Human Settlements' housing agencies have contributed over R1 billion to integrated human settlements within mining towns, as follows:
 - 17 341 loans amounting to R239m for incremental housing from the Rural Housing Loan Fund (RHLF);
 - R673m delivering 3405 units (mortgage and social housing) from the National Housing Finance Corporation (NHFC);
 - Bridging loans of R95.6m for 1 177 affordable housing units; and
 - R36m for 4546 subsidy units from Nurcha's Construction Finance and Programme Management.



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DEPARTMENT OF HUMAN SETTLEMENTS & MINING COMPANY HOUSING PARTNERSHIPS		
PROVINCE	MINING COMPANY	NATURE OF PARTNERSHIP
Free State	Sibanye Gold	Housing projects unblocking
Limpopo	Anglo Platinum	Land donation & Joint project
	Impala Platinum	Project proposal / land
	Northam platinum	Project proposal / land
Gauteng	Borwa housing association	Project proposal
	Sibanye Gold	Housing projects unblocking
North West	Lonmin	Land donation & project proposal
	Tharisa	Land donation
	Bakubung Platinum mine / Wesizwe Platinum	Project proposal
	Impala Platinum	Project proposal / land
	Northam platinum	Project proposal / land
Northern Cape	Kalagadi Manganese	Land availability investigation & joint project
Mpumalanga	South 32 – Steve Tshwete	Settlement donation / demolition





EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES: WATER AND SANITATION

- The Department of Water and Sanitation has through engagement with Municipalities and the Department of Cooperative Governance (DCoG) prepared high level water supply needs assessments for the fifteen mining areas in the five provinces. These assessments include:
 - Current water service levels.
 - Current backlogs: settlements requiring extensions to existing infrastructure, settlements with functionality problems, settlements with water source problems.
 - Interventions proposed: new scheme development, existing scheme refurbishment and operation and maintenance intervention, water conservation and demand management.



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES: WATER AND SANITATION

- Currently projects are generally being funded through grant funds such as the Municipal Infrastructure Grant and the Social and Labour Plans of the mines.
- The DWS is currently implementing 29 water and sanitation projects with a total value of R6.186 billion in 4 Provinces.
- These projects are at various stages of implementation.



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES : ECONOMIC DEVELOPMENT

- ❑ The Department of Trade and Industry (DTI), Economic Development Department (EDD) and the Department of Small Business Development (DSBD) are facilitating both large and small scale industrial projects in the 15 mining towns.
- ❑ These are particularly critical in creating business and employment opportunities. In addition, the DTI is providing support to selected municipalities or regions in the development and implementation of Regional Industrial Development Plans. These include:
 - Interventions in Bojanala and the Greater Tubatse local municipalities for the establishment of a Platinum Group Metals (PGM) Special Economic Zones (SEZ). Feasibility studies, business plans and appointment of a Project Management Unit (PMU) have been completed;



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES : ECONOMIC DEVELOPMENT...

- The Agri-hub in Bojanala (Madibeng and Marikana) for agriculture production & processing facility for communities, is being established (Progress and correctness);
- The feasibility studies and business plans for the establishment of agro-processing SEZ in the labour sending area of OR Tambo District Municipality (Eastern Cape) has been completed. The land for the SEZ has been secured; and
- The Vulindlela Industrial Park Revitalisation initiative in King Sabata Dalindyebo (KSD) Municipality (Eastern Cape), is underway. This includes a multi-sectoral business park to promote sustainable manufacturing investments into the region.



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EFFORTS TO UPLIFT ECONOMICALLY DEPRESSED MINING VILLAGES : HEALTH AND SAFETY

- ❑ The Departments of Mineral Resources, Health and Labour are collaborating in the establishment of ONE STOP SERVICE CENTRES to assist ex-mineworkers with compensation, UIF and pension fund payments.
- ❑ One Stop Service Centres have been established in Mthatha (Eastern Cape); Carletonville (Gauteng) and in Burgersfort (Limpopo) and in Kuruman (Northern Cape).
- ❑ Government together with the organised labour and business have launched Operation Ku-Riha to pay R1.5 billion to approximately 103 000 ex-mineworkers with unclaimed compensation benefits.



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INTEGRATION AND CO-OPERATION OF IDP AND SLP

- ❑ One of the objectives of the Social and Labour Plan is to promote employment and advance the social and economic welfare of all South Africans.
- ❑ Through the SLPs, the mining companies identify, key LED programmes which have largely been identified in collaboration with local municipalities, and approved by the DMR.
- ❑ These LED initiatives are aligned to the national socio-economic development priorities, provincial economic growth and developmental strategies, district and local municipalities Integrated Development Plans (IDPs).



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INTEGRATION AND CO-OPERATION OF IDP AND SLP

- ❑ However, in cases whereby projects identified in the IDP do not necessarily address the objective of the MPRDA, a process to identify projects which would have sustainable impact on communities should be followed.
- ❑ The Department monitors the implementation of the SLP projects. During 2015/16 period, the DMR conducted 772 legal compliance and SLP verification inspections which resulted in 666 notices being issued.



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INTEGRATION AND CO-OPERATION OF IDP AND SLP

During the 2015/2016 year, The implementation of SLP projects have enabled the construction of roads, schools, clinics and other critical infrastructure. The breakdown of the projects and the breakdown is as follows:

PROVINCE	SLP PROJECTS	JOBS CREATED
Eastern Cape	6	260
Free State	16	1010
Gauteng	9	184
KwaZulu Natal	8	1592
Limpopo	22	451
Mpumalanga	18	1014
North West	16	683
Northern Cape	21	1177
Western Cape	4	157
TOTAL	120	6528



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SLP PROJECT: SCHOOL HALL AT TAIWE SECONDARY SCHOOL IN THE MASILONYANE MUNICIPALITY, FREE STATE



COMBINED SCHOOL BY LA-FARGE IN NKOMATI, NKOMAZI LOCAL MUNICIPALITY MPUMALANGA



SCIENCE LAB AND TOILETS IN FRANCIOSUS AND KAKAMAS PRIMARY SCHOOLS BY LA-FARGE IN KAKAMAS MUNICIPALITY NORTHERN CAPE



SEFIKILE COMMUNITY CENTRE – ANGLOPLATINUM

Sefikile Community Centre



MARIKANA HOUSING PROJECT, BOJANALA LOCAL MUNICIPALITY, NORTH WEST



- ❑ LONMIN PLC donated a 50ha portion of land with 860 serviced sites. The North West provincial government allocated R462 million toward this project.



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SLP PROJECT: MERRIENGSPRUIT HOSTEL CONVERSION MATJHABENG LOCAL MUNICIPALITY, FREE STATE



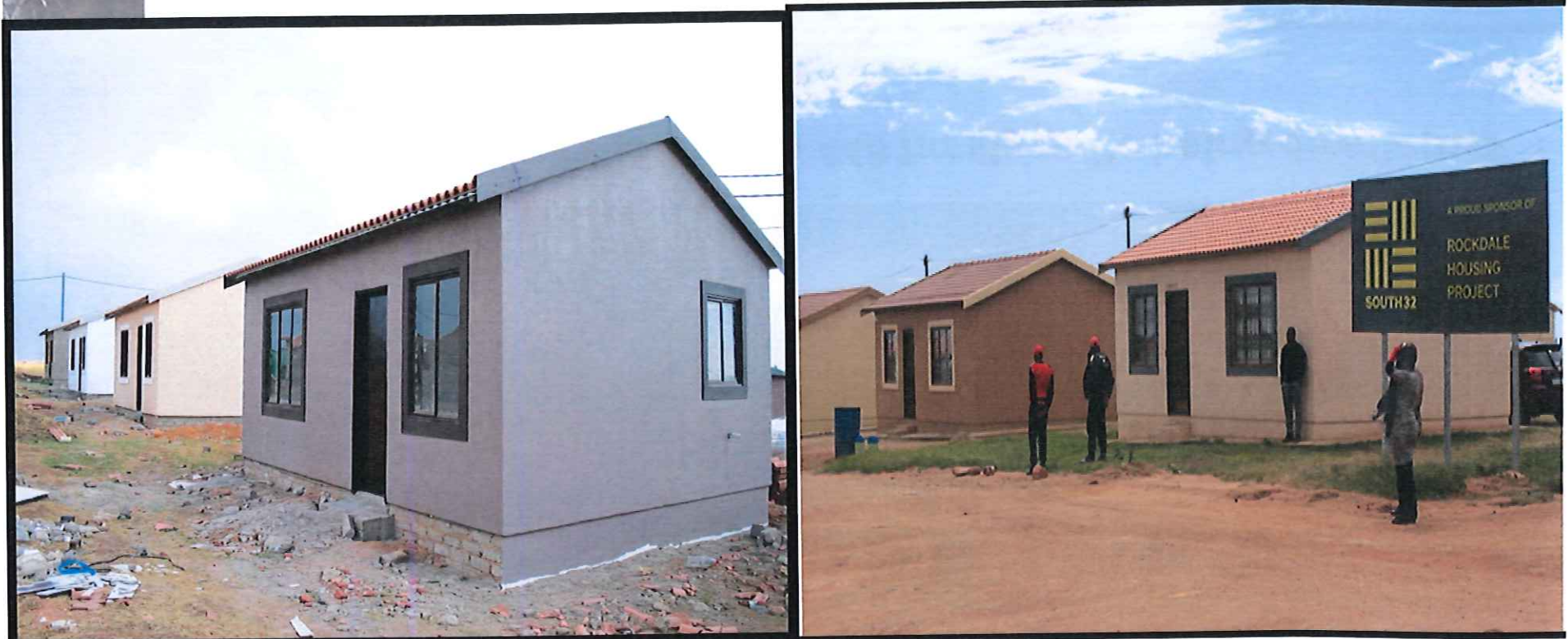
- The project has resulted in 448 family units being developed and 1000 jobs created.



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LOW COST HOUSING, STEVE TSHWETE LOCAL MUNICIPALITY, MPUMALANGA



- The project has resulted in 50 houses being developed during the first phase and 80 jobs created.



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CONCLUDING REMARKS

- ❑ It is clear from the assessment that a number of right-holders did not meet the targets set in the Mining Charter.
- ❑ The DMR is currently engaging individual right holders and orders are issued to address non-compliance.
- ❑ Better alignment of SLPs and IDPs at municipality level will improve socio-economic development in area where mines operate and also in labour sending areas.
- ❑ The MPRDA Bill has also been amended to provide better coordination and alignment of the Social and Labour Plans with District Municipal IDPs.
- ❑ An integrated government approach on contribution of the mining industry to socio-economic development is being implemented to optimise the development impact



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THANK YOU.



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