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Department of Mineral Resources



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Presentation on the Mining Charter: How far have we come?

**Select Committee of Finance
13 October 2009**



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BACKGROUND

- Section 100 (2) (a) of the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) (MPRDA) asserted that the then Minister of Minerals and Energy develop a broad – based socio – economic Mining Charter with the view to set the framework, targets as informed by timeframes to enable the historically disadvantaged South Africans participate in the mining industry.
- In October 2002 the then Minister of DME in collaboration with mining stakeholders i.e. Chambers of Mines, SAMDA, NUM etc signed the mining charter as an operational document.



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Background

- It has to be acknowledged that one of the compelling reasons towards the development of the Mining Charter – is informed by the understanding that the Mining Sector in South Africa was in the past used as a tool to perpetuate the socio-economic inequalities in favour of a select group motivated by the ideal to preclude the HDSA's from participating in any meaningful way within the broader economic South African pie of mineral resources.
- The Mining Charter as an operational policy document in the main focuses on attempting to avert the status quo, wherein HDSA's have been generally considered to be the repository for cheap labour and economic exploitation.



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Regulatory Framework

- The following legislation are relevant to offer the understanding and conceptual underpinning of the Mining Charter:
 1. Broad – Based Economic Empowerment Act 53 of 2003
 2. Mineral and Petroleum Resources Development Act 28 of 2002
 3. Precious Metals Act 37 of 2005
 4. Skill Development Act 97 of 1998
 5. Diamond Amendment Act 29 of 2005 and Diamond second amendment Act 30 of 2005.
 6. Employment Equity Act 55 of 1988
 7. Revenue Laws Amendment Act of 2005
 8. Preferential Procurement Policy Framework Act 5 of 2000



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Mining Charter Targets

- The Mining Charter targets should be informed, in particular, by the success stories and achievements as dictated by the six elements or tiers that are set to reinforce Black Economic Empowerment within the mining industry in South Africa.
- In order to achieve these targets - the six elements of the Mining Charter have been categorised to focus on the following:
 - Ownership
 - Management
 - Skills development
 - Employment equity
 - Procurement
 - Rural development
- In addition, the objectives of the Mining Charter provide a clear defined scope or compass through which the targets as referred above can be realised.



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Progress Made So far

- The Department of Mineral Resources has appointed an independent consultant “ Moloto Solutions” to conduct an assessment of compliance.
- Consultants have since conducted its own research and collected data from the Department of Mineral Resources.
- Currently, the consultant is involved with collection of data from the Mining Companies and at the same time is busy with the verification process of the data collected from the mining industry.



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Plan of Action

- It is envisaged that the Minister of Mineral Resources through her international engagements will flight the Mining Charter through road-shows as a symbolic gesture on how broad – based economic model can be achieved within a thriving environment of free market forces. With the view to secure Investor Confidence that is needed during this period of global economic melt-down.



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Recommendations

- Greater emphasis should be placed on Mining Companies reporting in terms of section 28(2)(c) and section 29.

To address the problem of fronting by effective legislative amendments

To deal with the funding models that affect the HDSAs through an effective banking system.

To interrogate whether or not the initial terms of reference of the Mining Charter are still relevant to date.



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Conclusion

- In other words, the socio – economic gains from the mining sector achieved through the Mining Charter will serve as a basis for the benefit of all South Africans for posterity's sake.



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END

A DROP OF WATER BREAKS A ROCK
THROUGH
CONTINUOUS FALLING.



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