

*Ons beskerm ons mense - We protect our people*



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

# **MINING CHARTER: PORTFOLIO COMMITTEE ON MINERAL RESOURCES**

**31 AUGUST 2011  
SOLIDARITY**

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2. Elements of the new Mining Charter
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**mineral resources**

Department:  
Mineral Resources  
REPUBLIC OF SOUTH AFRICA

# **Shareholders' Declaration on Strategy for the Sustainable Growth and Meaningful Transformation of South Africa's Mining Industry**

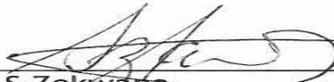
**Signed: 30 June 2010**

STAKEHOLDERS' DECLARATION ON STRATEGY FOR THE SUSTAINABLE GROWTH AND MEANINGFUL TRANSFORMATION OF SOUTH AFRICA'S MINING INDUSTRY

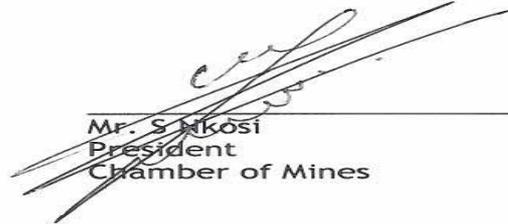
Mining stakeholders, as represented by the Department of Mineral Resources (DMR); organised labour, including National Union of Mine Workers; Solidarity and UASA, as well as organised business, including Chamber of Mines and South African Mining Development Association, convene on 30<sup>th</sup> June 2010 to affirm their commitment towards attainment of sustainable growth and meaningful transformation of South Africa's mining industry.



Ms. S Shabangu, MP  
Minister  
Department of Mineral Resources



Mr. S Zokwana  
President  
National Union of Mine Workers



Mr. S Nkosi  
President  
Chamber of Mines



Mr. L Grobler  
COO  
UASA - The Union



Mr. N Moloi  
Chairman  
SAMDA



Mr. S Scott  
President  
Solidarity

Signed at PRETORIA on the 30<sup>th</sup> day of JUNE 2010.



# JOINT COMMITMENT

“The leadership of the mining industry signed a declaration which underpins our strategy for the **sustainable growth** and **meaningful transformation** of the mining industry”

**(Minister Susan Shabangu – 17 Aug 2010)**



# **PREAMBLE - STAKEHOLDER DECLARATION**

**In accordance with the harmony of the zebra colours, this declaration symbolises the spirit of common purpose by the stakeholders.**



The header features a complex geometric design. On the left, there are overlapping squares in shades of orange, yellow, and white. To the right, a large green diamond shape is centered, with a smaller green diamond inside it, all set against a dark green background. The text "Ons beskerm ons mense - We protect our people" is written in a light green, sans-serif font on the right side of the header.

*Ons beskerm ons mense - We protect our people*

# The New Mining Charter

# 1. OWNERSHIP

“Mineral Resources Minister Susan Shabangu described the appointment of Aurora’s inexperienced directors to manage Pamodzi as a way in which local mining regulation was being undermined. Adding that they had no clue of the mining industry and as a result had undermined regulatory issues. “I want to urge companies that we need people with an interest in mining,” she added.

**(Business Report – 4 August 2011)**



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# 1. OWNERSHIP

- Learn from the past
- Ownership should not be controversial
- Owners should have a vested interest in growth and development of the mining industry
- Aurora – extreme example





B.E.E.  
Sucks

URBAN  
AFRICAS  
CHANGE THE  
SCENARIO

## SA Business

Aug 23 2011 10:59AM



### Solidarity welcomes new Orkney mine deal

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**Luphert Chilwane**

Despite last week's reports that the China African Precious Metals (CAPM), which is set to take control of Pamodzi Gold's liquidated Orkney mine for R675m has political connections, trade union Solidarity has thrown its weight behind the transaction saying there is no doubt about its credibility.

The union met with the company yesterday to discuss conditions it has set for the sale of the mine, previously owned by Aurora Empowerment Systems.

CAPM is 74% owned by Superb Gold, an affiliate of the Chinese company SSC Mandarin Group, with 26% owned by a broad-based black economic empowerment consortium led by Elias Khumalo.

The company has purchased the mine from the provisional liquidators for R150m and has set aside R525m to rejuvenate the mine and to erect a new gold processing plant.

"We had a progressive meeting and I can proudly say I got a level of comfort with this transaction. There is no reason to doubt the credibility of this new consortium and things are looking positive," said Solidarity's deputy general secretary Gideon du Plessis.

He said they agreed on several issues, which include the immediate re-employment of thousands of former mineworkers, particularly those who were let down by former Aurora directors – Khulubuse Zuma, Michael Hulley and Zondwa Mandela.

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- ['Do not discipline Malema'](#)

A REFLECTION OF CHARACTER

The new Peugeot **308** from R199 000





# ESOPs

- **ESOPs** - Employees Share Ownership Plans
- **Meaningful economic participation:**
  - BEE transactions shall be concluded with clearly identifiable beneficiaries in the form of BEE entrepreneurs, workers (including **ESOPs**) and communities
- Creates real ownership and wealth for workforce
- Employee retention
- ESOP case studies – Kumba and Exxaro



# PROPOSAL - ESOPs

- “Free shares” and profit share, rather than “loan shares”
- Increase employee shareholding to 5%
- Penalize company’s who failed to implement an ESOP, or sustainable ESOP



## 2. PROCUREMENT

- Local procurement presents opportunities to expand economic growth that allows for creation of decent jobs and widens scope for market access of South African capital goods and **services**.
- Procure 70% of **services** and 50% of consumer goods from BEE entities by 2014
- Utilize service providers and contractors for sustainable empowerment



## 2. PROCUREMENT

- Service providers earmarked as empowerment partners:
  - Catering
  - Cleaning
  - Maintenance
  - Gardening
  - Security
  - Facility management



# SERVICE PROVIDER ROLE

- Tender requirements:
  - Recruitment – local and retrenched mineworkers
  - Decent employment conditions and benefits
  - Development and learnership programmes
  - Management mentorship programme
  - Joint venture partnership



# 3. BENEFICIATION

- “Local is lekker” - develop local expertise
- Knowledge and skills transfer part of beneficiation element
- MIGDETT mining commitment - 140,000 jobs
- Case study – Johnson Matthey
- Establish a Beneficiation Agency



# 4. EMPLOYMENT EQUITY

- HDSA Definition
- Mining Transformation CODESA
  
- Focus on ‘Core and Critical skills’
- Attract, develop and retain skills
- Mentorship and career path programmes
  - H&S Rep development plan to safety officer



# 5. HR DEVELOPMENT

- Highest scorecard weighting
- The mining industry is a “people business”
- Skills development essential
- MIGDETT task team supports this Charter element
- Link up with National Growth Plan
- Massive intervention required in FET’s and technical training to achieve targets
- Solidarity initiative

# SKILLS SHORTAGE



## Miners bemoan scarcity of skills

The local mining industry is still facing a skills crisis, according to Nick Holland, CEO of miner Gold Fields, despite a 2009 Mining Charter Impact Assessment Report - the most recent prepared for the Department of Mineral Resources - **showing that the South African labour market does not produce enough of the required skills for the mining industry** to benefit optimally from the recent upswing in commodities.

**"The SA mining industry is facing a skills crisis,** which is proving to be a serious challenge for the mining industry," said Holland.

**(Business Times Live, Moyagabo Maake, 25 June 2011)**





# MQA REPORT: MARCH 2010

## TOP SCARCE SKILLS

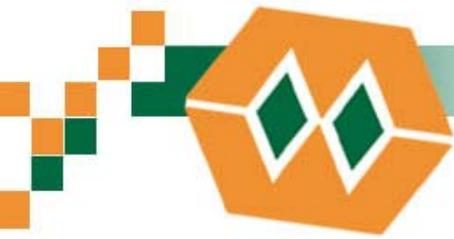
- Technicians and trade workers:
  - Mining Technicians
  - Fitters
  - Electricians
  - Jewellers
  - Millwrights
  - Diesel Motor Mechanics
  - Fitters and Turners
  - Precision Instrument Makers
  - Repairers
  - Welders



# MQA REPORT MARCH 2010

## TOP SCARCE SKILLS

- Machine operators and drivers category:
  - Miners
  - Drillers
  - Engineering Production Systems Workers
  - Stone Processing Machine Operators
  
- Professional category:
  - Geologists
  - Mining, Mechanical, Electrical Engineers
  - Metallurgists
  - Surveyors



# INTERNATIONAL SHORTAGE

By: [Liesel Hill](#) 3rd June 2011

Creamer Media's  
**MINING WEEKLY**.com

## International skills crunch looms again as miners battle for talent

- There is clearly a “heightening” in **competition for skills**. In general, mining companies are often actively poaching skilled people from each other, and there is “intense competition”.
- Western Australia alone will require an extra **33 000** workers in its mining sector by the end of 2012, the state's Chamber of Minerals and Energy CEO Reg Howard-Smith said.
- And Canada's Mining Industry Human Resources Council estimates that the country will need around **100 000** new workers between 2011 and 2020, said executive director Ryan Montpellier.

# Solidarity

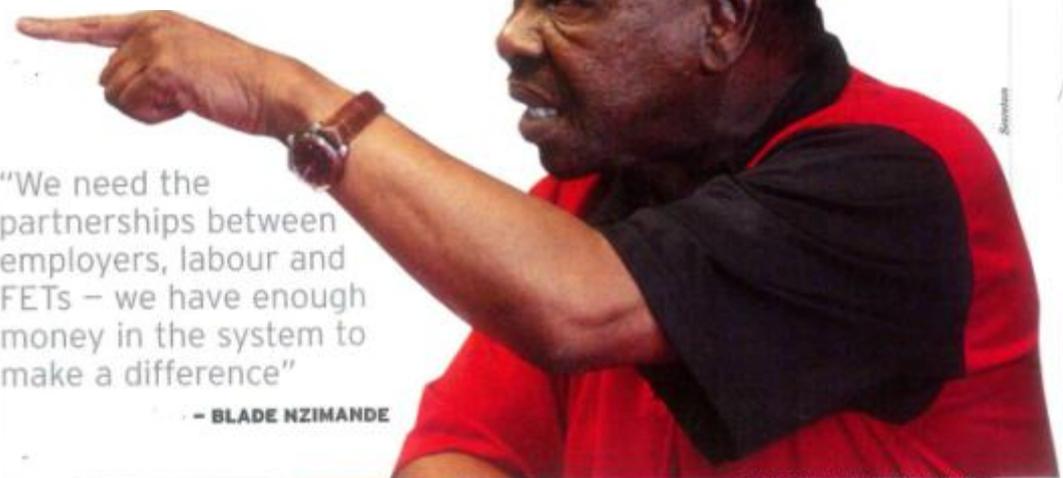
In response to the need for artisans trade union Solidarity's Sol-Tech training college was started in 2008. It produces 550 artisans a year. Instead of the traditional system of employers paying for training over two to three years, Sol-Tech does training to third-year level in 10 months. It then looks for employment for its students.

Sol-Tech executive director Paul van Deventer says the model takes the burden of payment away from the companies and transfers it to the students (often parents or family members, though bursaries are available), which should encourage employers to take on these learners.



...berts will produce 700 at...  
...660 at Kusile.  
...Engen, PetroSA, and...  
...to date trained...  
...specifically to...  
...intenance...  
...uled shut-  
...sasol...  
...ger:  
...ng

...have to recognise that they have dropped...  
...the ball on skills development, as Cosatu's...  
...general secretary Zwelinzima Vavi warned...  
...again last week. As well as...  
...leaving the country with a...  
...shortage of skilled work-...  
...ers, which could have...  
...helped grow the econ-...  
...omy, it has left a gen-...  
...eration without...  
...work. **Lise Pretorius**





## 6. MINE COMMUNITY DEVELOPMENT

- Second highest scorecard weighting
- Springs case study
- Portable skills for mine employees – SLP
- Empowerment and skills development focus in local communities
- Employment and empowerment by service providers and contractors
- Once empowered, always empowered



# LONMIN INCIDENT

- Bapong residents accused Lonmin mine of neglecting its social responsibility to develop the area
- Lonmin-Community dispute settlement:
  - Task team to create jobs and promote community projects that will boost the socio-economic position of Bapong
  - Improve skills by providing **training** opportunities for prospective employees
  - Local people will be **trained** to operate machinery



# 7. HOUSING AND LIVING CONDITIONS

- Health and safety impact – fatigue
- Constitutional right
  - Human dignity











# 8. SUSTAINABLE DEVELOPMENT AND GROWTH

- Improvement of the industry's environmental management – impacts on job security
- Tension between mining development and green revolution
- Solidarity – Environmental Division



# HEALTH AND SAFETY

- Healthy and safe working conditions imperative to sustainable and profitable mining
- Mining Industry Tripartite Action Plan sets out objectives - Reportable under Mining Charter scorecard
- Objectives which Employers have not implemented – require planning development by i.e. MHSC **(Table 1)**
- Employers failed to implement finalized objectives **(Table 2)**

# Mining Industry Tripartite Action Plan - MHSC to implement

Objective	Action	Progress
Promote Learning in the Mining Industry	<p>Develop an autonomous Centre of Excellence</p> <p>Conduct research, training and facilitate implementation of research outcomes in the following areas:</p> <ul style="list-style-type: none"> <li>- Rock Engineering</li> <li>- Human factors, including appropriate incentive systems</li> <li>- Mining</li> <li>- Engineering</li> <li>- Occupational Health / Hygiene</li> </ul>	<p>Not yet finalized by the MHSC (Mine Health and Safety Council)</p> <p>Research not completed in all areas</p> <p>Human Factors and Incentive systems research remain outstanding</p>
Improve OHS Culture in the SA mining industry	<p>Develop OHS Culture Framework, which includes:</p> <ul style="list-style-type: none"> <li>• Values</li> <li>• Leadership</li> <li>• Behaviour</li> <li>• Guidelines on implementation of framework</li> <li>• Evaluation</li> <li>• Indicators and monitoring tools</li> </ul>	<p>Stage 1 – Research of industry’s current position completed</p> <p>Stage 2 – Developing of Framework still outstanding</p>

# Mining Industry Tripartite Action Plan - Employers to implement

Objective	Action	Progress
<p>Improve Tripartite Partnership and Cooperation</p>	<p>Arrange facilitated stakeholder dialogues in troubled regions</p> <p>Develop a guideline to identify root causes of accidents, rather than allocate blame</p> <p>Develop a guideline on the implementation of the right to refuse dangerous work</p> <p>Ensure health and safety is a critical component of production bonuses</p>	<p>In place within most regions. Mpumalanga mines not interested in implementing requirement. This includes Xstrata Coal, Beca (BHP Billiton) and Exxaro.</p> <p>Not Done</p> <p>Very limited implementation across industry.</p> <p>Requirement of Sec 23(2) of MSHA</p> <p>Not done in most companies. Safety bonus complimentary to main incentive i.e. production</p>
<p>Improve OHS Skills Capacity</p>	<p>Strengthen their OHS role in risk assessment, Workplace Monitoring and Accident Inquiries</p>	<p>Only limited implementation across industry</p>
<p>Eliminate Silicosis Eliminate NIHL Eliminate Fall of ground incidents Purchase safer and improved machinery and equipment</p>	<p>Adopt Best Practice in industry. Increase research and findings thereof</p>	<p>Number of Silicosis and NIHL cases are on the increase (lag effect in terms of conditions)</p> <p>Limited adoption of leading practice still a concern despite efforts of Chamber, DMR and Trade Unions</p>



# 9. REPORTING

- Remain on MIGDETT agenda:
  - Established stakeholder forum
  - History of constructive robust debates
  - Prevent media stand-off
- MIGDETT – To become a statutory advisory body under MPRDA



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# Conclusion



# CONCLUSION

“Solidarity supports transformation and all the elements of the new Mining Charter, but transformation cannot be allowed if it benefits a new elite and creates new forms of inequality.

To make the “mining sector” as attractive a sector as possible, we need all the skills and know-how available to achieve growth that is sustainable and transformation that is beneficial for all employees, organised labour, mining houses, local communities and the DMR– when this is achieved, South Africa will benefit.”

**Steve Scott, Solidarity President – Mining Summit 2010**

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**Solidariteit**  
**Solidarity**