

# Will the Mining Charter create unrealistic community expectations?

By [Janine Espin](#)

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While the Mining Charter's intention behind supporting the community with funds for upliftment and employment opportunities is commendable, it may not be realistic. In fact, it could have a negative impact on the mining industry and the communities it is supposed to help.



Janine Espin

The charter has highlighted a number of Black Economic Empowerment (BEE) changes including providing the community with 10% equity or the equity equivalent within the minimum 30% B-BBEE shareholding. This includes a minimum of 5% non-transferable shares to qualifying employees and a minimum of 5% non-transferable shares or the equity equivalent paid to host communities.

## The impending development - unrealistic expectations?

The challenge is not regarding the new charter. It is more about how the charter will impede the process of development because the community's expectations may be unrealistic. The community could expect the mines to build houses not only for the workers but for the entire community. They may also expect the mining houses to pay for decent roads to be built even though that is the responsibility of the municipalities. In terms of equity, the expectations that communities have when it comes to the mines is as great as they are when it comes to any large industry that moves into a mostly rural area.

## Department of Mineral Resources must do their job

For the 10% equity in the charter to be successful, we have to look at how it will be implemented and regulated effectively. For instance, only some mines have complied with social and labour practices (SLP) and collaborated with municipalities to build local clinics or by making large financial contributions towards infrastructure development. One of the reasons for this could be that the Department of Mineral Resources (DMR) has not created measures to ensure that SLP compliance is adhered to by all mining companies.

The mines are responsible for building houses for their workers and maintaining their private roads. However, it is not necessarily their responsibility to build houses and roads for entire communities. They already pay rates and taxes, and the new Mining Charter could be creating an even broader issue.

Communities may even expect to receive direct financial reward, such as dividends payable to each household with the identified areas. This is already being seen in renewable energy projects in the Northern Cape where community members want to sit on these company's boards and want to have active decision-making powers.

There could be dire consequences if these expectations are not met. Nevertheless, it is difficult enough for the DMR to enforce the SLP and the mine closure procedures. Even though it is law, we see and hear about Zama-Zama's accessing decommissioned mine shafts because the rehabilitation of these closed mines is done so poorly that these individuals can gain access to these shafts. The illegal miners are usually retrenched mine workers who have no or limited other skills, thus resorting to mining in these decommissioned shafts, despite the risks is all they know how to do. This speaks directly to the process where mines are supposed to re-skill or up-skill their workers prior to closure to ensure that they are able to find work within other industries.. So how is the DMR going to enforce equity participation?

## **Immediate solutions**

The immediate solution is for the mines to follow the SLP and upskill their workers, ensuring that this is monitored correctly. Secondly there needs to be education. There needs to be a greater focus on entrepreneurship development and innovation within the school curriculum.

This new charter will cause mine closures due to the fact that mines are already struggling to be sustainable. This in turn, will have a ripple effect on the economy and overseas investors will choose to invest in mining operations elsewhere as it poses less risk and will allow for higher profitability. However, on a broader scale, local communities must have an understanding of how the economy works and what the true implications of the mining charter are. In addition, mines should consider launching educational programmes that explain if the price of platinum drops globally, how will this impact a little mine (and its mining communities) in the North West Province for example.

## **ABOUT THE AUTHOR**

Janine Espin is managing director at Economic Development Solutions

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