

Sunday Times

Business Mining

InNumbers 88

The number of fatalities in the mining industry last year, compared with 73 in 2016. The Department of Mineral Resources is focusing on health and safety. Minister of Mineral Resources Gwede Mantashe said in a statement this week

Black miners fear charter will fall short

Funding reform seen as fundamental to real transformation

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● Stories of black miners who have tried and failed and tried again to participate in the mining industry are common, which is perhaps why black miners' goals seem to no longer be part of Mining Charter debates and may explain why their voices are not prominent.

Discussions on the Mining Charter have been dominated by the narrative between the Chamber of Mines and the Department of Mineral Resources.

In its current form in terms of addressing transformation, which intended to put wealth back into black peoples' hands, the Mining Charter, even under Minister of Mineral Resources Gwede Mantashe, would fall and be a repeat of the previous flaws, some black miners said this week.

They added that although Mantashe has a great track record that shows he is capable of doing the job and his heart is in the right place, if the fundamental issues of capital and debt for black miners are not solved in this charter, South Africa will only repeat the past 10 years of the industry, with black miners too indebted and having no choice but to sell back to a white miner.

Abraham Tshabuse, executive director and co-founder of Neema Mining, who went into mining in the hope of starting an iron ore and manganese mine from scratch, now focuses his business on investing in mining projects of iron ore and manganese because of the difficulty of accessing capital to start a mine.

Tshabuse said there was no willingness among miners to help fund black miners and mining required very deep pockets. "As a black person who wants to get into mining it's almost impossible. That is why I am not aware of anyone who is black and started a mine from scratch. Those I know bought shares in existing mines," he said.

Industry leaders were not willing to offer funding support in the way that Anglo American supported black miners by helping them to buy its marginal mines in the early 2000s, he said. So there was a need for another corporate miner to help black people establish their own businesses.

Mantashe this week said he had appointed two task teams to deal with transformation and competitiveness in the industry; they will report back to him in three weeks. He hoped that by June the Mining Charter would have been revised or amended and ready to be gazetted.

However, some black miners say that Mantashe is being too optimistic with his targets and is missing the mark by separating the two teams as if one cannot succeed without the other. "This is exactly what the problem is with the industry, in thinking that an industry needs to be competitive first before it is transformative," said a miner who did not want to be named.



Minister of Mineral Resources Gwede Mantashe has appointed two task teams to deal with transformation and competitiveness in the industry. Picture: AFP

Another miner, who also requested anonymity, said it depended on what the charter meant by transformation, because thinking that 30% of a company's shares transformed the industry was flawed.

The current and previous Mining Charter state that a company should have a black shareholding ownership of between 26% and 30% in order to mine in South Africa. A different discussion should be had.

"Are black miners people who want to own their own mines in South Africa or a share at a company? Are they applying for prospective rights at the department of mineral resources and is the DMR granting them those rights and is there capital support for

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Abraham Tshabuse
Executive director, Neema Consolidated Investments

these black miners?" a frustrated black miner said, adding that that would be real transformation.

Mashe Mareda, chairman of Makole Group and its subsidiary coal miner Black Royalty Minerals, said South Africa needed to be robust about the participation of black people in the industry.

He said because black people had been historically disadvantaged, when going to a bank for funding the bank wanted security that the money could be repaid but black people didn't have security so they lost out on the loan.

Mareda said the intentions of the Mining Charter are good but the implementation be-

comes difficult, which is where institutions such as the Development Bank of Southern Africa and the Industrial Development Corporation have a role to play, where the prepayment process is softer than commercial banks because the aim is to develop a business as well.

"You cannot separate the ownership from implementation, which is the funding model. BEE in its previous role did not work out very well, because you get the loan and the terms of the loan are [so] ridiculous that at the end of the day, you own a share, or a loan, but there is no way that you can become a real owner because of the lack of support for the BEE shareholders" Mareda said.