

Compliance with the Mining Charter

10 YEARS ON: WHAT HAS BEEN ACHIEVED?
IMPLICATIONS FOR SOUTH AFRICA'S
INDUSTRIAL DEVELOPMENT

Berakah

Unlocking Value. Creating Wealth.





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Content

- Introduction;
- Objectives;
- Mining Charter Objectives, Elements and Targets;
- Industry Compliance;
- Hurdles to Compliance and Transformation;
- Impact of Non-compliance; and
- Conclusion.





Objectives of the Paper

- Determine compliance levels;
- Government vs. industry perceptions;
- Hurdles to compliance; and
- Impact of non-compliance.





Mining Charter Objectives



2004 Objectives	2010 Objectives
<ol style="list-style-type: none"> 1. Equitable access; 2. Expand opportunities for HDSA's; 3. Empowerment of HDSA's; 4. Expand HDSA skills base; 5. Improve mining and labour sending areas; and 6. Promote beneficiation. 	<ol style="list-style-type: none"> 1. Equitable access; 2. Expand opportunities for HDSA's; 3. Empowerment of HDSA's; 4. Advance welfare of mining and labour sending areas; 5. Promote beneficiation; and 6. Promote sustainable development and growth of the mining industry.





Mining Charter Elements



2004 Elements	2010 Elements
<ol style="list-style-type: none"> 1. HR Development; 2. Employment Equity; 3. Migrant Labour; 4. Mine Community and Rural Development; 5. Housing & Living Conditions; 6. Procurement; 7. Ownership and JV's; 8. Beneficiation; 9. Financing Mechanisms; and 10. Consultation, Monitoring, Evaluation and Reporting. 	<ol style="list-style-type: none"> 1. HR Development; 2. Employment Equity; 3. Mine Community Development; 4. Housing & Living Conditions; 5. Procurement & Enterprise Development; 6. Ownership; 7. Beneficiation; 8. Reporting (M&E); and 9. Sustainable Development & Growth of the Mining Industry.





Mining Charter Targets





Compliance: DMR Un-weighted





Compliance: DMR Weighted





Compliance: C.o.M





Hurdles to Compliance

- Unclear measurement criteria;
- Cost of compliance; and
- Absence of Action against Non-compliance.





Hurdles to Transformation

- Compliance follows rules setting;
- Rules should be set against an objective; and
- Objectives can only follow a vision.



- There is no clear vision for transformation; and
- This creates regulatory uncertainty.



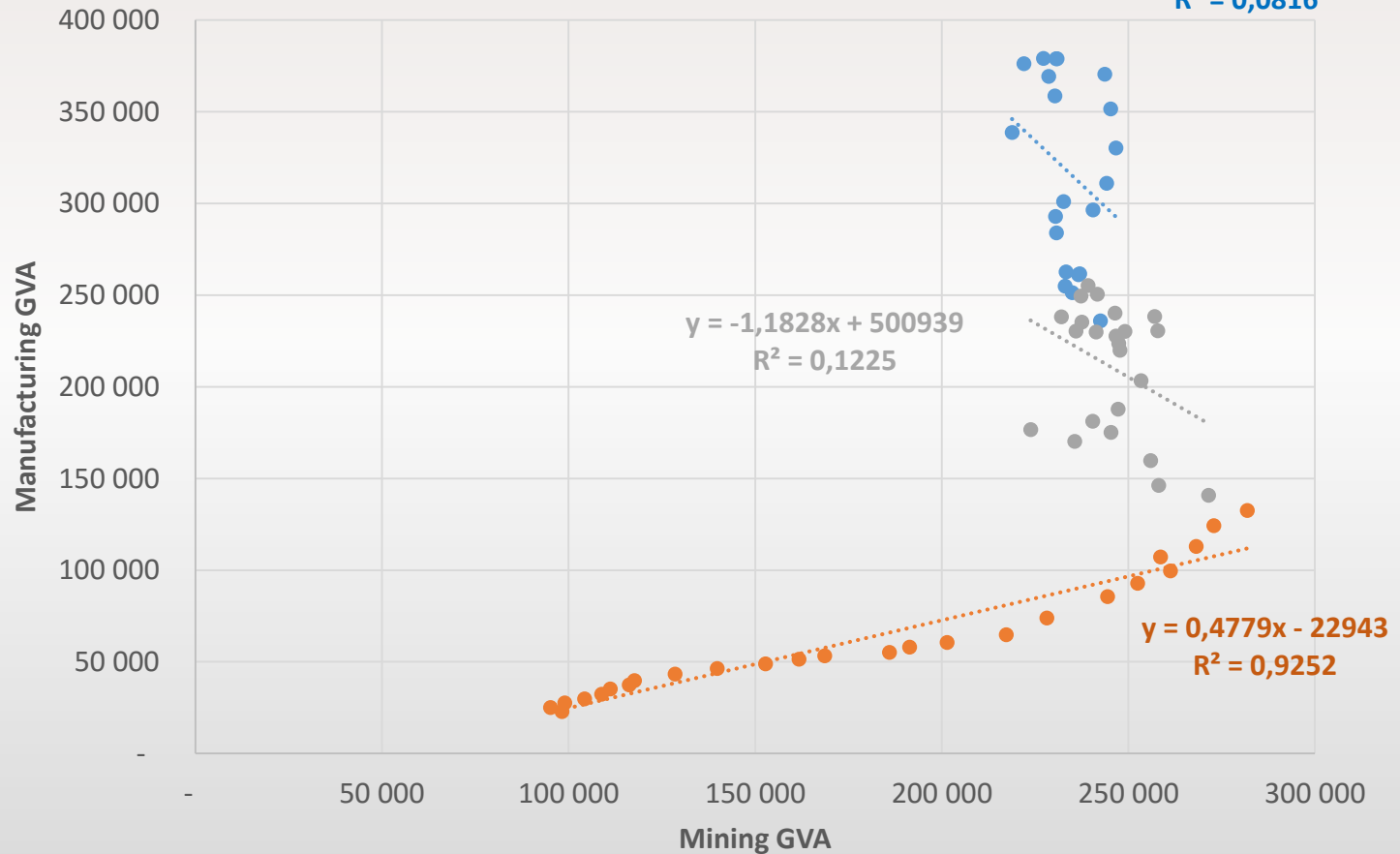


Impact of Non-Compliance



Mining GVA-Manufacturing GVA Relationship

$$y = -1,9154x + 765171$$
$$R^2 = 0,0816$$



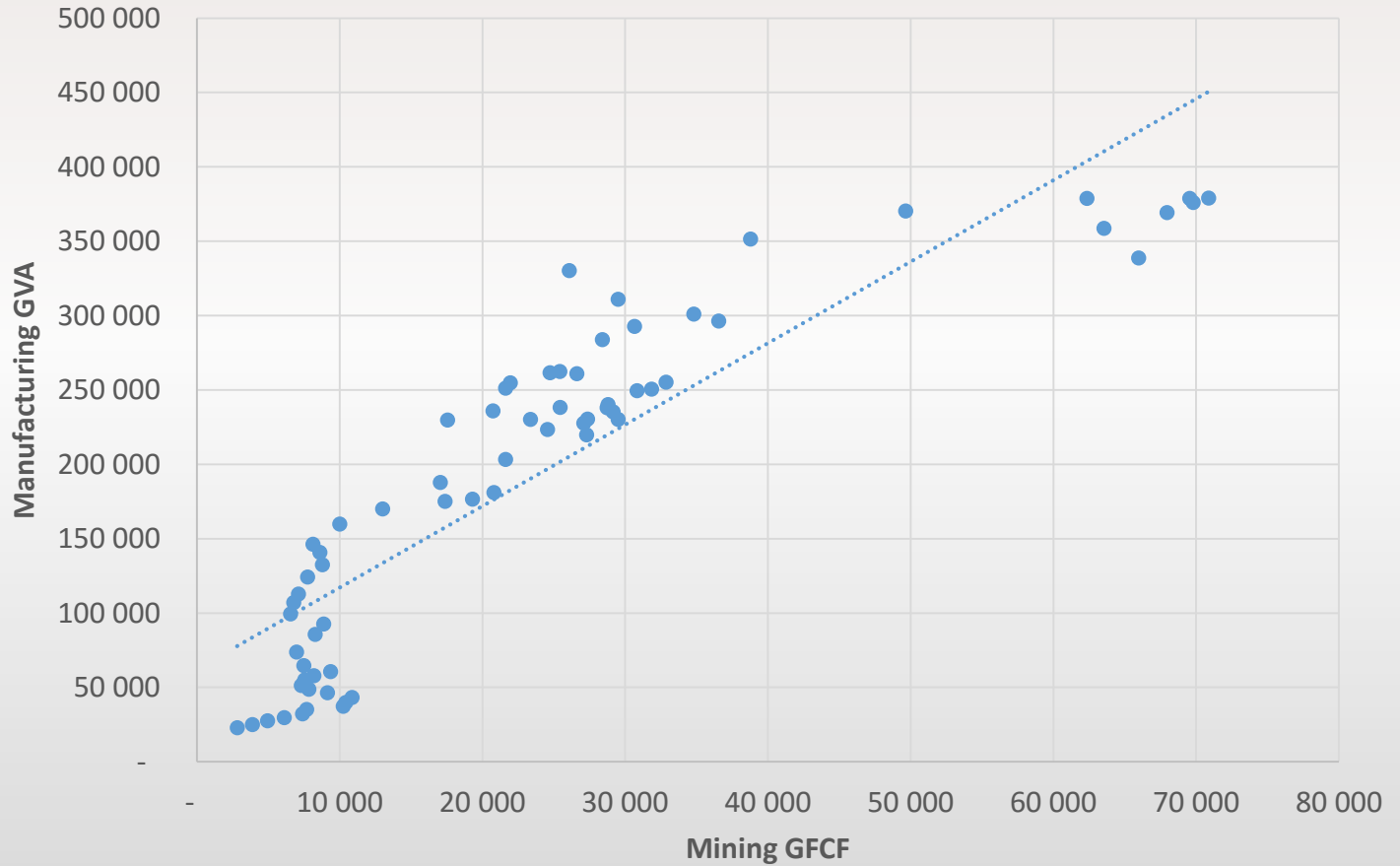


Impact of Non-Compliance



Mining GFCF-Manufacturing GVA Relationship

$$y = 5,4785x + 62354$$
$$R^2 = 0,7875$$





Conclusion

- Mining industry is failing to comply.
- There is no clear vision for transformation.
- Vision is critical for stability.
- Stability is critical for investment.
- Investment is critical for growth.

