

AngloGold: charter could crush us

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AngloGold Ashanti has warned there could be negative consequences for its South African mines if the third iteration of the Mining Charter is gazetted largely unchanged, with particular concerns regarding the ownership element.



Underground at Great Noligwa. Image via AngloGold Ashanti.

Speaking on the sidelines of the Mining Indaba, CEO Srinivasan Venkatakrishnan cautiously waded into the debate about the regulatory uncertainty constraining the South African mining industry, warning it could miss a second commodities boom if reason didn't prevail in the formulation of laws pertaining to the industry.

"The operating environment is not challenge-free. There is the opportunity to make mining's potential much bigger than what it is at the moment," he said. "It's coming to a critical phase right now where the industry, regulator and stakeholders have to find themselves in some sort of consensus position if we are going to benefit from any commodities boom coming down the line.

"At the moment we are in a prime position to miss out and we can't afford that," he said.

"What comes out in the third charter will be an absolutely critical brick to build or worsen the trust deficit between the industry and the department," he said. "If you look at the trust deficit issue, I thought it would have been bridged by now, but it hasn't. At times the relationship becomes quite adversarial, which is unhelpful, but you're dealing with a reality there."

On Monday, Mineral Resources Minister Mosebenzi Zwane said the charter would be gazetted by the end of March and the long-delayed amendments to the Mineral and Petroleum Resources Development Act would be promulgated by the end of June.

The industry has bemoaned the lack of engagement and consultation around the charter, but Zwane said instead of gazetting the charter in December 2016, it had delayed it to talk to the Chamber of Mines. However, the department said it was not the sole stakeholder and about 60 stakeholders were happy with the draft charter.

How much of the individual mining companies' input and that of the chamber's contributions would be included in the final document would only be seen when it was gazetted, Venkatakrishnan said.

"There is an option here where everyone can put their individual agendas to one side and see what is in the common interest and good," he said. "You can't just push for an extreme result in one constituency without taking into account the views of other constituencies."

"Capital does chase the least volatility, the highest return and least risk. It's very competitive," he said. "The government has to come to the party, giving the industry regulatory certainty."

If the charter was unchanged around ownership, employment equity targets and procurement, it would raise costs at AngloGold's mines, erode profits and shorten the lives of a number of its mines, Venkatakrishnan said.

Source: Business Day

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