

Will Mining Charter III benefit junior miners?

Junior mining is a relatively new concept in South Africa, and is often confused with illegal mining or artisanal mining, but they are, in fact, new entrant small and medium size enterprises.

 By Nicci Botha 5 Feb 2020



Minerals Minister, Gwede Mantashe in conversation with Errol Smart, CEO, Orion Minerals

“Junior miners are important in driving greenfields development,” Mineral Resources and Energy Minister Gwede Mantashe said in conversation with Errol Smart, CEO of Orion Minerals at the Investing in African Mining Indaba 2020 in Cape Town.

The minister pointed out that there were several areas where junior miners needed help, including financing and skills development. “We are going to change the old way of training.”

Thresholds

Access to geological information, markets and research and development and innovation were also key to smoothing the way for junior miners.

Compliance was another aspect Mantashe touched on, saying the Mining Charter III placed less burden on junior miners in terms of employee numbers and the 30% black economic empowerment criteria.

The mining charter provides that small mining companies with an annual turnover of less than R10m are exempt from complying with the employment equity requirements when there are fewer than 10 employees and are exempt from complying with the “inclusive procurement, enterprise and supplier development” requirements. Junior miners with an annual turnover of between R10m and R150m must comply with the employment equity requirements at group level and the inclusive procurement requirements. Junior miners with an annual turnover of less than R150m, are required to have 30% BEE shareholding, but are not obliged to meet the percentages prescribed under the charter. The holders of prospecting rights will not be subject to the provisions of the charter.

Smart asked how the thresholds of R10m and R150m were arrived at, to which the minister replied that the

thresholds were a form of encouragement for growth. “Junior miners shouldn’t stagnate after R150m , the need to commit to growth. After R150m, you’re on your own because then you have access to financing.”

Changing the narrative

Mantashe also said that the mining industry must change its narrative. “Miners like negative narrative. It must become a message of hope, because then people will put money there (in the industry).

He said that attention given to the reduction in fatalities in 2019 did not garner attention for very long, and within days the headlines were about retrieving the bodies from the container in the Lily Mine disaster. “We are working on reopening Lily Mine, we can only successfully reach the container if the mine is working. The negative narrative is impacting on the views of investors.”

“I’m encouraging young people to invest in mining, but not as shareholders where your relationship with mining is a dividend. But if you open a mine, your relationship is with mining,” Mantashe said.

He added that that when Mining Charter III was drafted, all four major labour movements were involved. “No decisions will be taken without workers, as it is them that converts investment into wealth.”

ABOUT NICCI BOTHA

Nicci Botha has been wordsmithing for more than 20 years, covering just about every subject under the sun and then some. She's strung together words on sustainable development, maritime matters, mining, marketing, medical, lifestyle... and that elixir of life - chocolate. Nicci has worked for local and international media houses including Primedia, Caxton, Lloyd's and Reuters. Her new passion is digital media.
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