



Media statement by the Bench Marks Foundation

New Charter a Step in the right Direction, but the Devil is still in the Detail

Johannesburg, Tuesday 3 July 2018

FOR IMMEDIATE RELEASE

The proposed new Mining Charter is a step in the right direction, but the devil remains in some of the detail that must still be clarified, according to the Bench Marks Foundation.

Executive Director of Bench Marks Foundation, John Capel, said he welcomed the broader approach that incorporated mining communities and workers for the first time, as well as the 70% local procurement requirement, and the alignment of social and labour plans across sectors.

“Representation of communities and workers on company boards is also a progressive step forward,” he added.

However, Capel said that the charter is still full of ambiguities that need clarity.

While he welcomed the inclusion of communities and workers with 8% BEE shareholding each, he asked how they would benefit from this shareholding. In theory, the Mining Charter looks good for communities, but in practice, it offers little to host mining communities and workers

“Even if 10% is free carry interest and paid for through vendor financing, what will this actually amount to? If no dividends are declared in the first five years, no benefits for communities or workers apply. In the sixth year, this falls away, and 1% trickle dividend – based on revenue and not earnings, as the DMR clarified for us – is paid.

“As good as this sounds, what will be the state of these communities in the preceding five years? Communities desperately need shares and benefits in the here and now, not in some far-off distant future,” he said.

Concerns raised included those about old order mining rights. Bench Marks says that mines with a 10- to 30-year concession will continue to leave out communities and workers from gaining a rightful share in the industry.

“How do existing mines, which cause havoc in communities, move towards 30% BEE ownership target? We need clarity on this issue,” Capel said.

Another area of concern is women in the workplace and sexual harassment in the underground work environment. Bench Marks says that women in the workforce need to be taken more seriously as they are outnumbered by ten to one.

Bench Marks described the 70% local content provision as being probably the most ambitious aim of the Charter and its most welcome.

“Presently 70% of South Africa’s gold and platinum are processed in Switzerland and 80% of converters made in Europe and the USA, with most of mining equipment sourced from Sweden. In the distant past, we had a much better manufacturing sector associated with mining. This has been declining since 1994. We believe the 70% local content provision can stimulate growth on the supply and demand side and that all role-players and sectors of the economy need to be engaged to explore

the enormous potential benefits of this approach. This will go some way to addressing poverty, inequality and unemployment and building a sustainable long-term sector that will bring real benefits to South Africa,” he said.

Another welcome step forward are the proposals in respect of social and labour plans.

“Bench Marks has for many years called for the integration of these funds and joint social and labour plans for mines that operate in the same proximity. In addition we call for communities’ full say and control over these funds to promote popular development from below, in consultation with local government. Communities in mining areas are beginning to think about how to develop alternative economies. This opens the way for community participation in the development and monitoring of social and labour plans.”

Bench Marks also welcomed new thinking around community trusts.

“We have long seen these as problematic. The DMR now recognises this as well. We hope this will lead to monies reaching the communities themselves, and not only go to administrative costs or traditional authorities,” Capel noted.

ENDS

Bench Marks Foundation is an independent non-governmental organisation mandated by churches to monitor the practices of multi-national corporations to

- ensure they respect human rights;
- protect the environment;
- ensure that profit-making is not done at the expense of other interest groups; and
- Ensure that those most negatively impacted upon are heard, protected and accommodated within the business plans of the corporations.

The Foundation was launched in 2001 by the Rt Rev Dr Jo Seoka who chairs the organisation and by member churches of the SACC.

Bench Marks Foundation contact:	Bench Marks Foundation media contact
<p>Mr John Capel Executive Director 011 832 1743 or 082 870 8861 Email: jcapel@eject.co.za Or Hassen Lorgat 082 362 6180 Chris Molebatsi 071 378 2540 BUA Mining Communities Joseph Magobe 079 961 1332 BUA mining Communities</p>	<p>Ruth Coggin 082 903 5819 Email: ruth@quo-vadis.co.za</p>