

**MINING CHARTER GAP ANALYSIS (2010-2016)**

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Mining Charter Element	Description	Measure 2010	Mining Charter 2010	Measure 2016	Mining Charter April 2016	Mining Charter Oct 2016	Chamber Position	Mining Charter as presented to the PPC	Chamber position
<b>Ownership<sup>1</sup></b>	Minimum target for effective HDSA ownership	Min Black ownership %	<b>26%</b>	Min Black Ownership %	26%	Not discussed	26%	Not discussed	Awaiting meetings with Minister
		Percentage of companies achieving 26%	<b>100%</b>	% Community	100%		Disagree	N/A	
		Percentage of companies with BEE, community & ESOP	-	% Entrepreneurs	100%		Not agree	N/A	
<b>Housing and Living Conditions</b>	Conversion and upgrading of hostels to attain occupancy rate of 1 person per room	Percentage reduction of occupancy rate towards 2014 targets	<b>100%</b>	Maintain occupancy rate of 1 person per unit and maintain family units	100%	Removed as an element. To be in a Housing and Living Conditions Standard	Agree that this should not be in the Charter	Removed as a charter element	Agree that this should not be in the Charter
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	<b>100%</b>	Contribute towards homeownership options for interested mine employees in consultation with organised labour.(Provide guarantees in partnership with finance institutions)			N/A	N/A	
<b>Procurement &amp; Enterprise Development</b>	Procurement spent from BEE entity	Capital Goods	<b>40%</b>	60% local manufacturing (30% small business development which are BEE compliant) <sup>2</sup> Minimum of 10% of the 30% to be reserved for BEE compliant enterprise development	60%	70%	Proposed Procurement, Enterprise and Supplier development Scorecard as Per BEE Codes	Capital goods and consumables are combined into one category of "Mining Goods" with a target of 70% of total procurement budget (Excl. non-discretionary expenditure) on locally manufactured goods from BEE compliant companies (at least at level 4 BEE +26% ownership).	Research needed to assess capacity of local manufacturers to meet this target

<sup>1</sup> Beneficiation was not discussed as the DMR acknowledges that there currently does not exist a regulatory framework for Beneficiation in mining industry. We have proposed that this element form part of Ownership

<sup>2</sup> DMR has defined BEE compliant as those who can be categorised as Level 4 using Generic BEE scorecard or those entities that have 26% Black ownership

		Services	<b>70%</b>	80% local procurement from BEE compliant companies and locally based companies. Minimum of 40% of the 80% must be given to small business development which are BEE compliant. Minimum of 10% of the 40% must be BEE compliant enterprise development	80%	80% (21% SA manufactured goods & services to be sourced from Black owned companies (supplier development) Black Owned =50%+1 5% total goods and services spent on companies with a minimum of 50%+1 Youth or Black Female		A minimum of 80% of services must be sourced from BEE compliant companies at a minimum of 50%+1 Black ownership.	
		Consumable Goods	<b>50%</b>	70% local manufacturing from BEE compliant companies. Minimum of 30% of the 70% must be given to small business development which are BEE compliant. Minimum of 10% of the 30% must be reserved for BEE compliant companies	70%	N/A (Collapsed into Capital Goods)		Incorporated with capital goods	
		Overall						A minimum of 30% of the total goods and services element threshold must be spent on sourcing South African manufactured goods and services from a minimum of 50%+1 black owned and controlled SMMEs (supplier development). A minimum of 5 percentage points of the total goods and services spend must be allocated to companies with a minimum of 50+1% black women ownership and control and/or 50+1% youth ownership and control.	Research needed to assess capacity of local manufacturers to meet this targets

				<sup>3</sup> Mining companies must utilise SA based facilities for analysis of 100% of mineral samples	100%	100% (60% Value addition in SA)	51% Local Samples	100% local samples	51% local samples
	Multinational suppliers contribution to the Social Fund	Procurement spend from MNC suppliers	<b>0.5%</b>	Contribute a minimum of 1% annual turnover into a Social Development Trust Fund	1% turnover	1% turnover towards MTDA (Applicable to multinational suppliers non-compliant BEE)	Not Agree	Foreign suppliers required to contribute 1% of revenue generated from SA mining industry towards MTDA	Not agree
<b>Employment Equity</b>	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top Management	<b>40%</b>	Executive Management	50% + voting rights	50% +voting rights	40%	50% (board)	40%
					(15% Black Female)	(15% Black Female)	(15% Black female)	20% black female	(15% Black female)
						Labour <sup>4</sup>	Not agree		
					50% Executive Director	50% Executive Director (25% must be Black female)	40%		40%
					(25% Black female)	(25% Black Female)	(15% Black Female)	(20% black female)	(15% Black female)
		Senior Management	<b>40%</b>	Senior Management	60%	60%	50%	60%	50%
					(30% Black Female)	(30% Black Female)	(15% Black Female)	(20% black female)	(15% Black female)
		Middle Management	<b>40%</b>	Middle Management	75%	75%	60%	80%	60%
					(38% Black Female)	(38% Black Female)	(20% Black Female)	(25% black female)	(20% Black Female)
		Junior Management	<b>40%</b>	Junior Management	88%	88%	70%	88%	70%
(44% Black Female)	(44% Black Female)				(30% Black Female)	(30% black female)	(30% Black Female)		
Core Skills	<b>40%</b>	Core and Critical Skills	40%	40%	40%	40%	40%		
			Disabled	2% Black	2% National demographic <sup>5</sup>	2% inclusive	N/A	2% inclusive	

<sup>3</sup> In our submission we indicated the need for clarity on who will take the responsibility for the verification process through SABS. The DMR conceded that they will need to get advice on this matter as companies could not be expected to conduct this exercise. The DMR has proposed that SABS through the DTI would need to issue verification certificates.

<sup>4</sup> This is a new addition that has not been discussed previously. The DMR indicated that it will be consulting with the DTI on the modalities of this approach.

<sup>5</sup> Initially the DMR had indicated that this needs to be 2% black employee absorption. Our submission indicated that this needs to be inclusive with companies having the wherewithal to determine suitable placements with respect to Health and Safety considerations. The DMR has indicated that the 2% disability target has to align with national demographics which is contrary to the Employment Equity Act that specifies alignment with EAP.

<b>Human Resource Development</b>	Development of requisite skills, incl. support for SA R&D	HRD expenditure as percentage of total annual payroll	<b>5%</b>	HRD expenditure as % payroll	5% payroll	5% leviabale amount	5% leviabale amount	5% leviabale amount	5% leviabale amount
				Support for SA Academic institutions	Included in 5%	Included in 5%	Included in 5%	Included in 5%	Included in 5%
				Ministerial Skills Development Trust Fund	15%	2% of leviabale amount towards MTDA <sup>6</sup> (40% of 5 %?)	Not agree	2% of leviabale amount towards MTDA	Not agree
<b>Mine Community Development</b>	Conduct ethnographic community consultative processes to delineate community needs analysis	Implement approved community projects	<b>Up to date implementation</b>	Annual contribution towards local community development and labour sending areas	1% annual turnover	1% annual turnover over 2.5 years (c.0.5% annual turnover)	2% NPAT	1% of revenue generated over intervals of 2.5 years	2% NPAT
<b>Sustainable Development &amp; Growth</b>	Improvement in the industry's environmental management	Implementation of approved EMPs	<b>100%</b>	Not an element	Not an element	Target TBD	To be removed from Charter	Being refined for inclusion	Not agreed – adequate alternative regulation
	Improvement of the industry's mine health and safety performance	Implementation of tripartite plan on Health and Safety	<b>100%</b>	Not an element		Target TBD	To be removed from Charter	Being refined for inclusion	Not agreed – adequate alternative regulation
	Utilisation of SA research facilities for analysis samples	Percentage of samples in SA facilities	<b>100%</b>			0.15% annual turnover towards R&D	Not agree	Being refined for inclusion	Not agreed – adequate alternative regulation

<sup>6</sup> The DMNR will consult the National Treasury