



NEWS FROM THE EMERGING MINERS' DESK

NOVEMBER 2017

COMMUNITY DEVELOPMENT AND SERVICE DELIVERY – KEY ISSUES FOR TODAY'S MINERS

Local community development and service delivery by local municipalities are considerable challenges in today's South Africa. So said Tebello Chabana, Senior Executive: Transformation and Public Affairs, in his invitation to an Emerging Miners' Desk (EMD) community development workshop. Failure to deliver on both counts is resulting in increasing incidences of service delivery protests and accompanying violence. In the recent past, mining companies, often located in areas of socio-economic deprivation, have been on the receiving end of these protests, resulting in production losses, injuries and damage to property.

In response to these challenges, the Chamber's Coal Leadership Forum has supported the establishment of a regional structure and office in the Mpumalanga Province, specifically in the Nkangala District Municipality. The purpose of this initiative is to support coal mining companies in the region and help build meaningful relationships with local municipalities, neighbouring communities and other stakeholders. Herbert Modupi, a Chamber-appointed community development specialist, is driving this process.

In the Northern Cape, the Chamber's Manganese Leadership Forum has started a similar process and the Chamber will be deploying a specialist there too. It is hoped to eventually set up permanent Chamber offices in both of these areas and for junior mining companies to join the process.

EMD'S COMMUNITY DEVELOPMENT WORKSHOP

In response to the challenge of community development, on 19 October 2017, the EMD held a breakfast workshop on **Community development and social and labour plans (SLPs) in the mining industry**. The workshop, held at the Blue Valley Golf Estate in Midrand, attracted more than 70 participants.



What is the Emerging Miners' Desk?

The Emerging Miners' Desk (EMD) provides advice and support and acts as a resource centre for the smaller Chamber member companies. These smaller companies often require assistance in the raising of finance for projects; in some of the technical aspects of mining such as geology and engineering; in skills development; and in compliance with the Mineral and Petroleum Resources Development Act (MPRDA).

Tebello Chabana introduced the four presenters: **Simeon Moloko, Senior Vice President, Sustainability, AngloGold Ashanti; Herbert Modupi, Collaborative Coordinator, Mpumalanga, Chamber of Mines; Shani Cronje, Deloitte; and Paul Kapelus, Synergy Global.**

Simeon Moloko spoke on **Innovative ways of thinking in the SLP space**. Simeon emphasised how critical it was for the future of mining for companies to consider their communities. Mining in South Africa is a challenging business environment, which requires adherence to a stringent legislative framework incorporating the Mining Charter, and the taking into account of community needs and expectations. Against that background, the importance of engaging with all stakeholders and confronting challenges cannot be overstated. Communities are currently feeling they are being taken for granted and this needs to be addressed. Engagement needs to take place regularly and at the right levels to produce the right results.



CAPTION

Presenters at the EMD community development workshop. From left: Paul Kapelus, Herbert Modupi, Simeon Moloko and Shani Cronje.

With regard to SLPs, Simeon expressed how important it is to engage with stakeholders openly to produce something that meets all needs – those of the company, the community and the Department of Mineral Resources (DMR). Transparency is vital, as is the aim to create a legacy for when the mine closes. Companies should decide on a percentage spend on SLP projects or a formula that works for them and work in tandem with the municipalities and their Integrated Development Plans (IDPs). Communities need to be involved throughout the process so that they are satisfied with the outcome.

EMD activities and services include:

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| 1 representing emerging miners in the Chamber by way of the Emerging Miners' Leadership Forum | 2 a mentorship group consisting of current and former senior mining executives | 3 a help desk for both members and non-members |
| 4 breakfast seminars and workshops on key topics | 5 research into member needs and policy research in key areas | 6 policy lobbying and engagement with key stakeholders eg DMR and Mintek |
| 7 presenting papers at conferences and workshops and promoting the work of the EMD | 8 recruitment of new members | 9 communicating with emerging miners through the Chamber's website and a LinkedIn group |



Who are the Chamber's emerging miners?

Our emerging miners are a diverse group of mining and mining-related entities, including prospecting and smaller producing companies, and contracting companies. Smaller black-empowerment companies make up an important component of the emerging miners' group.

Of the Chamber of Mines' 71 members, 20 companies form our emerging miners' group, along with two associations which represent a further 250 companies.

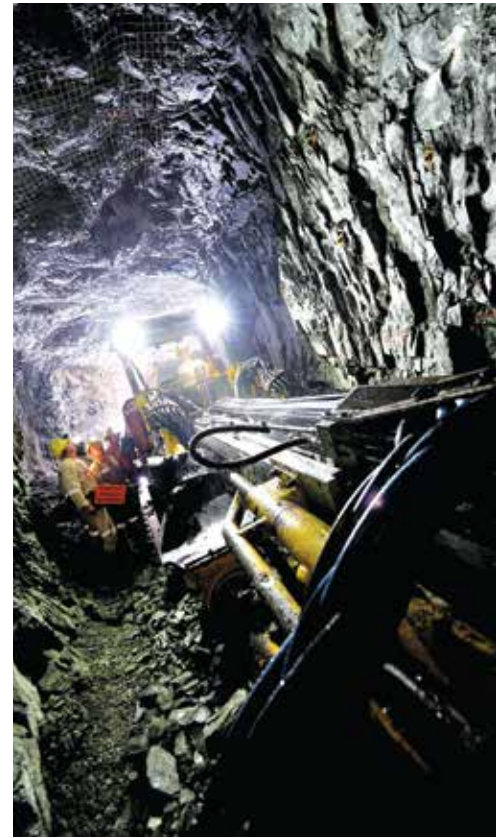
The majority of emerging miners operate in the coal sector, followed by diamonds and, to a lesser extent, manganese, platinum, industrial minerals and iron ore.

It is critical for the future of mining for companies to consider their communities

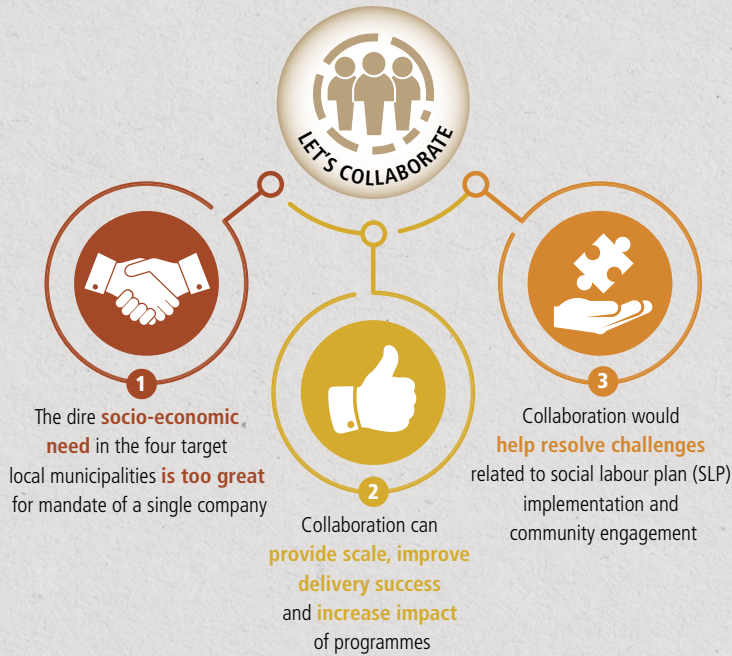
Herbert Modupi's presentation was entitled **Mine community development in a fast-changing environment**. As the Chamber's Collaborative Coordinator in Mpumalanga, Herbert provided some interesting observations. The South African economy is not growing and high levels of unemployment and poverty are serious risks to business, as are increasing levels of corruption. Mining companies are being viewed as surrogate governments in local communities and delivery on SLPs is key to a company's social licence to operate. It is a community perception that the mining industry is not doing enough to empower communities. On the flip side, the DMR is often considered "big brother" by local municipalities. Communities believe that councillors do not represent their views and that they work on party lines rather than acting in the interests of the people. There are increasing levels of tension, protests, intolerance and aggression.

"More conversations are required between mining companies, municipalities and communities," said Herbert. The Chamber is taking a cluster approach towards increasing those conversations with all stakeholders. "We are looking at the operations that are close together that are close to communities and particularly community hotspots. We are working on getting those people together to have discussions. Although local municipalities must take the lead, mining companies need to be proactive, create partnerships and offer support. Companies also need to be collaborative and put 'brand' aside." Herbert explains how it makes good sense to take a cluster approach, not least of all because the same areas have similar problems and the same people are involved.

Shani Cronje spoke on the subject of **Creating shared value in the Northern Cape**. Shani also reiterated the importance of collaboration when she presented some key results of a Deloitte study conducted in conjunction with the Chamber of Mines. The study was based on six manganese and four iron ore mines in the Northern Cape in an area of high employment, particularly youth unemployment, and low levels of education and skills. These mining companies are complying with the requirements as set out in the Mining Charter, yet an inherent desire exists to deliver greater impact i.e. shared value.



CASE FOR MINING COMPANY COLLABORATION IN THE NORTHERN CAPE



The dire socio-economic need in the four target local municipalities is too great for the mandate of a single company, which translates into the need for collaboration. Collaboration adds scale and efficiency, eliminates duplication and reduces costs. Collaboration allows for the sharing of information and ultimately the delivery of iconic projects. Shani emphasised that junior miners have much to offer with their often less hierarchical structures and subsequent greater empathetic understanding of their employees who are after all community members. It is vital that junior miners are at the stakeholder engagement table when discussing community needs.



Paul Kapelus's topic was **Community engagement in a low trust environment: social and labour plans and junior mining**. Paul stressed that communities need to be seen as friends. In order to negotiate agreements the whole social ecosystem of a community needs to be understood and taken into consideration - only then will relationships and outcomes begin to improve.



Paul concluded by stating that **constant monitoring and evaluation is paramount in order to see "which way the wind is blowing"**. This allows for adaptation and the ability to take appropriate action. Innovative thinking is critical for the small, lean company to succeed in a low trust environment.



The Emerging Miners' Leadership Forum

The EMD is in the process of establishing an Emerging Miners' Leadership Forum, which will be one of the principal committees of the Chamber of Mines, holding two seats on the Chamber's Executive Council. Invitations have been sent out to invite members to join and the first meeting is planned for November 2017.

SLPs come with two major challenges, as Paul sees it. The first is the selection of projects. Community expectations are not always aligned to the IDP and there can be antipathy towards project selection in the form of protests, non-use or destruction of property. It is vital to understand the local social environment, the stakeholders and the dynamics – what is the community crying out for? Local municipalities need to be engaged through LED forums and it is at these forums that companies can, based on their community engagement, influence project selection. The second challenge is project implementation. Delays can result in a breakdown of trust. To avoid conflict, agreements with municipalities and project partners on implementation are necessary. Opportunities for collaboration should always be sought.



The four presentations referred to in this news bulletin can be found here at:

www.chamberofmines.org.za/work/supporting-emerging-miners

For further information about the Emerging Miners' Desk contact us at:

emergingminers@chamberofmines.org.za



We invite Chamber members to join our [LinkedIn group](#) to find resources on a variety of operational, policy and legislative matters. In addition, the discussion page allows members to share their learnings, issues and advice on a host of topics.

OUR EMERGING MINERS at November 2017

NAME OF COMPANY	SECTOR
Kalagadi Manganese	Manganese
Tshipi e Ntle Manganese	Manganese
Atha Mining	Coal
Coal of Africa	Coal
Kuyasa	Coal
Ledjadja Coal	Coal
Msobo Mine	Coal
STA Coal Mining	Coal
Mapochs Mine	Iron ore
Mbuyelo Group	Platinum
Mvelo Platinum	Platinum
Wesizwe Platinum	Platinum
Vametco	Base metals and exploration
Cronimet Chrome Mining	Chrome
Thebe Holdings	Platinum, iron ore, contracting
Opel mining	Coal, vanadium, platinum group metals
*Clay Brick Association	Association
*SA Diamond Producers' Organisation (SADPO)	Association
Fraser Alexander	Service
Corobrick	Other
Murray and Roberts Cementation	Contractor
Redpath (Deilmann Haniel)	Contractor

* Our two associations represent a further 250 companies

CONTACT

Chamber of Mines:

Tel: +27 11 498 7100

Email: info@chamberofmines.org.za

Street address: 5 Hollard Street, Johannesburg

Media:

Tel: +27 11 880 3924

Email: chamber@rair.co.za

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