



Media statement by the Bench Marks Foundation

The Mining Industry fails to comply with the Mining Charter

For immediate release: 21 May 2015

The degree of non-compliance with the Mining Charter by the industry is shocking to say the least, says The Bench Marks Foundation.

“When the Mining Charter was originally conceived and developed in 2004,” says David van Wyk, Lead Researcher for the Bench Marks Foundation, “it was in response to immense pressure from COSATU in general and NUM in particular as well as civil society for government to legislate and regulate transformation in the industry.

“The industry was lagging in effective change. The idea of the Charter came from industry as a self-regulatory instrument so as to avoid more binding legislation.

“It’s been 11 years and very little has changed. There are also increasing news reports on community dissatisfaction with mining Corporate Social Responsibility (CSR) programmes and local employment promises which do not materialise.

“The Bench Marks Foundation finds the degree of non-compliance with the Charter as reported by Mineral Resources Minister Ngoako Ramatlhodi, to be shocking to say the least and we support both the tone and the content of the minister’s statements regarding the recently released compliance reports”.

Says van Wyk: “In addition, we call for effective regulation, implementation and monitoring of the Mining Charter.

“We are also following the debate between the minister and the Chamber of Mines regarding Black Economic Empowerment (BEE) participation with great interest.

“It would seem as if the Chamber is suggesting that a company should be exempted from BEE compliance (26%) on achievement of the target, and that it should be a once off, rather than a sustained achievement”.

Van Wyk said that the Bench Marks Foundation has in the past, warned that the BEE code would create a situation where corporations would not go beyond compliance, meaning that they would not aim for black participation beyond 26%.

“We are surprised by the ingenuity of the Chamber in wanting corporations to revert back to lower levels of BEE participation once the target has been reached. This can only be described as sleight of hand”.

The Bench Marks Foundation also raises the following important points raised by it and the Department of Mineral Resources' (DMR) reports:

Housing and living conditions:

The DMR reports that 63% of right holders with hostels have converted hostels to either family and/or single units.

Van Wyk says that this shows that the drive to improve the living standard of mineworkers has not fully been realised.

“More needs to be done to address the broader objective of ensuring that mineworkers live in decent accommodation. Also, what the DMR report does not say is that the conversion of hostels into family units has meant that mines actually accommodate fewer mine workers in company accommodation and that an ever-increasing number of workers are given the infamous ‘living out allowance’ resulting in them residing in informal settlements.

“The DMR needs to insist not only on the transformation of hostels into family units, but also of the expansion of the number of family units available at cheap rental prices. The current situation simply sees a mushrooming and growth of informal settlements contributing to the spread of HIV/Aids, STDs, alcohol and substance abuse, violence against women and children and ultimately to tensions between locals and mineworkers that gives rise to xenophobia,” says van Wyk.

Employment Equity:

The percentage of companies that met the 40% target for each category iro employment equity are:

Top management (Board) - 73%

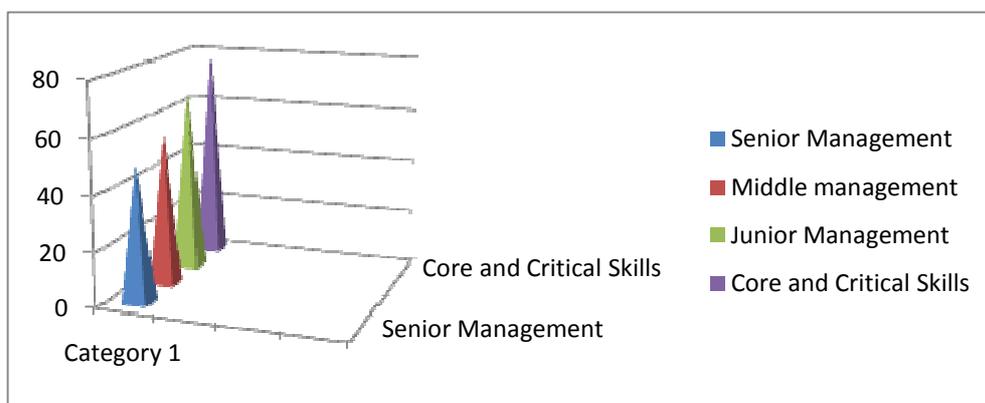
Senior management (EXCO) - 50%

Middle management - 56%

Junior management - 68%

Core and critical skills - 79%

Says van Wyk: “In terms of employment equity, putting aside the boards, the pyramid still reflects a broad base of black South Africans at the bottom and a tiny pinnacle at the top”.



“The Bench Marks Foundation suggests that the categorisations represent so much smoke and mirror semantics,” says van Wyk.

“The charts increase in blackness as one moves lower and lower down the job categories, and it would seem as if the categorisation is proverbially turning every worker into a ‘chief’, leaving very few ‘Indians’ and that the job descriptions are pretty meaningless. More useful perhaps would have been a categorisation based on income”.

Procurement and Enterprise Development:

42% met the target of procuring capital goods from Historically Disadvantaged South Africans (HDSAs).

33% met the target of procuring services from HDSAs.

62 % met the target of procuring consumables from HDSAs.

“What the statistics do not show is how much, or how little procurement is done from local producers in mine communities,” says van Wyk.

“It is the experience of the Bench Marks Foundation that most of this HDSA procurement (little as it is) comes from Gauteng. This leaves little wealth from mining operations to local communities”.

Human Resource Development

36.8% of companies have spent the targeted 5% of total annual payroll on training.

“A key indicator that the Charter fails to measure is literacy amongst mine workers,” says van Wyk. “As well as the complete failure of very expensive adult education and literacy programmes on the mines which have not made any difference to the literacy levels”.

“There is a very tenuous link between the investment in education by mining corporations and job opportunities and placement in the mines.

“Every corporate report to shareholders and to society from players in this industry emphasises its spend on building classrooms, computer centres and libraries in local schools.

“Despite this,” says van Wyk, “the Bench Marks Foundation frequently hears mine communities complain that children benefitting from this investment cannot find employment in the mines which represents the job opportunity closest to home.

“The youth from the mine-rich areas of the North West Province and Limpopo leave home for Johannesburg to look for jobs instead. Youth are told that either they do not have the qualifications or the experience to work on the mines”.

Mine Community Development:

47% of mine community development projects are between 75% and 100% close to completion.

“This statistic speaks for itself,” says van Wyk, “Mines are not supposed to have the surface rights to the areas that they operate in, in accordance with the Minerals and Petroleum Resources Management Act (MPRDA).

“They are supposed to rent such rights from the communities on whose land they operate. A proper rental agreement calculated on the basis of the value of the underground mineral reserves of that land would see otherwise impoverished communities prosper.

“It is interesting to note that the Property Clause in the Constitution of South Africa seemingly only benefits private property owners while the rights of owners of customary land is simply being trampled on”.

The Bench Marks Foundation’s reports have consistently found the compliance by mining companies wanting. In fact, in many instances, the Foundation has found a deteriorating rather than an improved situation in some mines.

To view the Bench Marks Foundation’s reports, please go to www.bench-marks.org.za.

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

Client Contact details:
Bench Marks Foundation Contact:
Mr David van Wyk, Lead Researcher 0832295149 Email: crezele777@iburst.co.za or d.vanwyk58@gmail.com