Tug-of-war over Madimbo issue

By Russel Molefe

Legal advisers of the Department of Mineral and Energy Affairs are still pondering the future of the Madimbo corridor in former Venda, which has become a tug-of-war contest between environmentalists and miners.

Department spokeswoman Mrs Elshe Botha said the legal advisers were weighing the arguments submitted by environmental organisations, including the National Parks Board (NPB), which are opposing proposed prospecting for diamonds in the corridor by Duo Corporate Developers.

The recommendations to be made will be handed to the department's director-general, Dr PJ Hugo, for his ruling.

The ruling is expected to be announced "in two weeks time from now", Botha said.

Some environmentalists have argued that prospecting for diamonds in the corridor may force up to 10,000 local people to be moved. But this was earlier denied by the company, which said the people would not be affected.

The Madimbo corridor, situated in the far northeast of the former Venda homeland and bordering on Zimbabwe, is believed to be rich in archaeological treasures dating back to the Stone and Iron Ages and also boasts unique and endangered fauna and flora.

This led the NPB to appeal against the granting of the prospecting permit to the company on environmental grounds.

The NPB is arguing that mining infrastructure was virtually non-existent in the corridor and ecotourism was a sustainable development suitable for the area.

But Duo Corporate Developers, owned by Pepsi-Cola chairman Mr Khehla Mthembu and Mr Richard Bluett, argue that mining will provide jobs and prosperity for the people of the area.
R3bn mineral exports bonanza

Greta Steyn

NEW export revenue from large mineral beneficiation projects should give SA's balance of payments a R3bn boost this year, Nedcor said in its latest Guide to the Economy.

Higher export volumes were also expected from other commodities such as ferrochrome, manganese ore, iron ore and ferromanganese. Coal exports should remain strong, while the BoP would benefit further from the improvement in the gold price, if it was sustained.

Prospects for higher agricultural output and exports also looked promising. Although import growth was high, the annual rate of increase had slowed from about 50% at the beginning of last year to about 20% by year-end.

However, Nedcor still forecast a sizeable current account deficit of about R15bn for the year. It said the correct stance of the monetary policy authorities was difficult to determine, as the central bank had to assess normal business cycle pressures as well as the success of structural changes in the economy. In previous cycles, interest rates peaked well into the economic downturn and rose well into the upturn. But current expectations were based on predictions of higher growth of about 4%.

Meanwhile, the Board of Executors said lower inflation had resulted in real interest rates moving out of line with the underlying macroeconomic fundamentals. The BoE said rates would be cut twice within the next six to nine months, resulting in a prime rate of about 16.6% by year-end.
BIOUSINESS

Iscon project could boost titanum slag output 30%

David McKay

SA's total output of titanium slag could jump nearly 30% — from about 1.1 million tons to 1.4 million — if Iscon's proposed R1.6 billion export-oriented mining and smelting operation is given the green light in June.

Namakwa Sands, Anglo American's mineral sands project, is set to increase production of slag — used in the pigments industry — from its current level of 33,000 tons a year to 195,000 tons a year by the turn of the century.

The other main producer of titanium minerals is Richards Bay Minerals, 50% owned by Gencon, which is the largest titanium slag producer in the world, turning out about 1.3 million tons a year.

One analyst said Iscon's new venture would boost SA's total production — with Namakwa Sands on full stream — from 1 million to 1.4 million tons of slag a year. This is 40% more than the only other world producers in Norway and Canada, which together produce 1 million tons a year.

About 75% of SA's titanium slag is developed from better ore, which is more environmentally friendly than the slag of other world producers, he said.

Iscon's potential mine reserves — situated in Phalaborwa, Richards Bay and the Gravelotte region — are large enough to support a smelter producing 200,000 tons a year of titanium slag for a life of more than 20 years. Rutile, zircon and pig iron would also be mined as important supplementary products.

Iscon Mining MD Ben Alberts said at the weekend that a feasibility study was on schedule and pilot mining and smelting tests had been completed. A range of final products for market acceptance testing had been produced.

The final feasibility report would be submitted to Iscon management in June with detailed planning to start in July of the project was approved. Mining operations would begin in 1998.

However, Iscon had still to decide where it would site its smelter. Various potential sites such as Richards Bay, Phalaborwa, Komatipoort, and the Eastern Cape were being studied, Alberts said.

The environment is a further element of the project. Various specialist studies have been commissioned and would form part of the final project feasibility report. Alberts said meetings had been held with a number of interested and affected parties in the area concerned and would continue.

Another unknown in the project is whether Iscon will bring a partner on board to provide finance. Alberts said Iscon had not yet decided which of several options would make the most commercial sense.

Surface mining would be used in all the mining operations. The smelter would produce pig iron and titanium slag. Titanium slag pigment would be further processed by downstream companies for use in the plastics, paint and paper industries.
Miners clock in for first Sunday shift

By Ross Herbert

Johannesburg — Miners clocked their first Sunday shift yesterday under a plan to rescue three unprofitable Freegold mine shafts.

In a signing ceremony late on Friday, Pik Botha, the minister of mineral and energy affairs, granted an exemption to the ban on Sunday mining to prevent major job losses. The exemption allows Sapplaas's number three and number four shafts and Freddies' number nine shaft to mine seven days a week.

Workers at all three shafts will now work for 12 days without a day off, take Saturday and Sunday off, and then return for another 12 uninterrupted days of work.

"How can you smile about something like this?" asked Fred Bond, president of the Mine Workers Union, who looked grim throughout the signing ceremony. The agreement was a reversal of the union's earlier opposition to Sunday work.

Nap Mayer, the managing director of Anglo American's gold and uranium division, was optimistic. He said that the new schedule was equivalent to adding a 13th month of production over the year.

The deal is temporary, lasting for two months at Sapplaas and for six months at Freddies. But Mayer said one could not tell whether it would work. "If we have a successful formula though, there is no reason why that formula shouldn't be applied."

Negotiations continued at the other two shafts under threat of closure — Western Holdings' number three and number seven shafts.

See Page 16
Major shake-up for operations

Gencor unveils two projects worth R5.5bn

David McKay

MINING house Gencor has entrenched its position in the commodities sector, unveiling two projects worth an initial R5.5bn and a major reorganisation of its local and international operations.

The group, which yesterday posted attributable earnings up 80.8% at R702m for the six months to December, said its proposed Maputo aluminium project would cost about R4bn. Another R1.5bn could be spent on the first phase of a zinc project in Eastern Cape.

Gencor— which counts Samancor, Impala Platinum, Gengold, Ingeve and Billiton International among its operations—would also reorganise its operating companies into seven business units. Head office would be structured into three business units.

Chairman Brian Gilbertson described the restructuring as "the implementation of various chess moves" in Gencor's attempts to become a "serious competitor" to other global mineral producers.

"After the major strategic moves of the past few years, it represents an impor-
tant step towards the group's objec-
tive of becoming a major international mining company."

The management of its aluminium interests in Alusaf and Billiton would be brought under Billiton International chairman Derek Keys.

The other changes include Alusaam chairman Fred Roux taking responsibility for Gencor's base metal interests while Samancor MD Mike Salamon would head activities in the international steel and stainless steel industries. New business opportunities would be headed by former Billiton MD David Munro.

Gilbertson said the Industrial Development Corporation had agreed to take a 50% stake in a feasibility study at the proposed Maputo smelter, which would produce 245,000 tons a year, with possible expansion to 490,000 tons. The corporation had also committed itself to the Eastern Cape project, which could turn out 200,000 tons a year, with possible expansion doubling the output. Both would try to exploit the new opportunities.

Continued on page 2.

Gencor

SA's cheap surplus power-generating capacity.

Gencor's share earnings rose 42% to 40.6c, excluding exceptional items. The interim dividend rose to 7c (6c).

The performance was expected to be matched in the second half, though commodity prices were weakening.

The results showed Billiton had consolidated its position as a major contributor to the group's bottom line. Its income jumped to R2.74bn (R1.42bn), representing 39% of the group total. It also paid a maiden dividend of R41m.

Billiton's performance was underpinned by higher commodity prices and lower financing costs. Alusaf's contribution jumped to R32m (R3m).

Other divisions have already reported their results. Ingeve and Samancor both proved strong performers, while Gengold and Impala both suffered poorer showings.
HIGH NOON SOON?

A final government policy decision on the future of St Lucia is expected at next week's Cabinet meeting.

St Lucia has been the subject of heated public debate, with environmentalists fighting the pro-mining lobby. St Lucia's coastal dunes are rich in titanium and zircon minerals.

The ANC backs the environmental option for the 250,000 ha conservation area, following a recent report commissioned by Land Affairs Minister Derek Hanekom.

But Mineral & Energy Affairs Minister Pik Botha has reservations. He is concerned about possible legal claims by the holders of the prospecting rights in the area. Richards Bay Minerals (RBM) RBM public affairs GM Barry Clements says the St Lucia ore body of about 5 Mt titanium dioxide could add five years to RBM's mining operation.

But, with RBM's prospecting licence expiring in July, Botha's problem may be heading for a "natural" solution. And RBM has enough ore for decades of profitable mining.
Anglo's reshuffle could be the start of a new era
Angry farmers want govt to buy them out

One says ‘this has gone too far’ as their area, which used to be far from busy city life, is now surrounded by camps

By Lorna Zokuva
City Reporter

Not long ago, Sweet Water farmers lived far from the sprawling townships and busy city life, but now find themselves surrounded by three squatter camps with about 200,000 inhabitants.

Although the farmers accepted the establishment in 1990 of Orange Farm squatter camp which has a population of over 120,000 people, and Sweet Water squatters two years later, the relocation of 2,000 former Moffat Park squatters this week was the last straw.

“This has gone too far,” said Daniel Swanepoel, who has been a farmer in Sweet Water, east of Lenasia, for 26 years.

“The Johannesburg city council and the Gauteng provincial government has now moved these squatters from Moffat Park right to our doorstep! We are already surrounded by two other squatter camps,” Swanepoel said.

Swanepoel and about 100 other farmers who live in the area, have now decided to approach the Greater Johannesburg Transitional Metropolitan Council (GJTMC) and the Gauteng government to buy them out.

“Although we have been in this area for a long time, we are tired of having our livestock and crops stolen, and since the provincial government has chosen this place to relocate squatters, they must buy us out,” said another farmer, Benny Asvat.

Meanwhile, the GJTMC is still assisting former Moffat Park squatters with transport to retrieve building material which has been stored at the Deputy Sheriff’s office since the squatters were evicted in December last year.

Chairman of the Southern Metropolitan Substructure’s executive committee, Prema Nadoo, said they would even help the shack dwellers set up a Community Development Forum to address issues such as transport, health care and schools for the children.
St Lucia safe from mining

Government rejects plans and will make urgent appeal for area to be declared a W

BY PATRICK BULGER
Cape Town

The Cabinet drew a line in the dunes of St Lucia yesterday, forbidding an expansion of mining and giving the nod to massive eco-tourism development in one of South Africa's and the world's foremost environmental sites.

The Government will now make an urgent application for the Greater St Lucia Wetland Park - described as "a jewel of South Africa" - to be declared a World Heritage site, ministers who served on a five-member interministerial committee said after yesterday's regular fortnightly Cabinet meeting.

Mining of titanium dioxide slag at a site north of Richards Bay, on the north coast of KwaZulu Natal, will continue for about 20 years, but St Lucia's eastern shores will now be safe from mining.

The decision ends seven years of controversy and running battles between environmentalists, the Government and the mine owners, Richards Bay Minerals (RBM).

The cabinet committee - consisting of Environmental Affairs and Tourism Minister Dawie de Villiers, Water Affairs and Forestry Minister Kader Asmal, Arts and Culture Minister Ben Ngubane, Land Affairs Minister Derek Hanekom and Mineral and Energy Affairs Minister Pik Botha - said in a statement the decision was needed to avoid uncertainty on the fate of the area.

RBM, the owners of the eastern-shore prospecting lease, has accepted the decision. The company is jointly owned by Rio Tinto Zinc of London and Cencor.

"Plans have been made by RBM to cater for this decision by the Government, and current operations, job security and customer service will not be affected for many years into the future," RBM said in a statement.

The cabinet decision was hailed by opposition parties' spokespersons on environment.

"Spared ... St Lucia's Eastern Shores are safe from mining following the Government's landmark decision," Democratic Party spokesman Errol Moore said.

The cabinet ministers agreed that the decision had been taken entirely off the merits of the issue and that it was felt that the development of eco-tourism would have greater long-term benefit to the country and to the surrounding communities.

The NF's Nick Kooiman said...
from mining threat

for area to be declared a World Heritage site

Following the Government's landmark decision yesterday, Environmentalists have described the ruling as a massive victory.

It was not a decision directed at discouraging foreign investors or at promoting any form of development over another. Instead, the statement said:

"A task team under the Minister of Environmental Affairs and Tourism and including national, provincial, and local representatives, will co-ordinate the development of a land use strategy for the area, it added.

The committee had discussed the issue with the KwaZulu Natal government and with the chiefs of the area, who had accepted it. Those chiefs who had brought a land restoration claim in the affected area would be provided with alternatives, Hanekom said.

Conservationists, broadly hailed the decision as a massive victory for the environment and a welcome signal that the Government was prepared to take environmental concerns seriously."
Gencor’s investment in Mozambique worth $500m

David McKay

GENCOR’s mineral sands project in Mozambique would represent an investment of $500m, the mining house said yesterday.

The group — which was detailing international exploration plans worth $44m this year — said exploration on the Mozambique project showed a total resource of 1.1-billion tons yielding 3,98% heavy minerals, greater than the yield at Richards Bay.

The mine would produce 400,000 tons of slag a year.

The scheme would focus on two deposits near the northerly port-town of Moçambique and a licence area further south below Pemba.

A further option for a licence area existed between Quelimane and Chinde.

Mineral resources CEO John Raubenheimer said a full feasibility study would be complete by June “But the project already seems to be robust,” he said.

US exploration company Ilidow Resources was also involved in the project. The Mozambican government was represented in the project through its mineral resources ministry which has an option to take a small stake in the project in the future.

Gencor said it also had a 50% stake in a $100m underground nickel project in western Australia, in partnership with Australian company Forestana Gold.

The pilot plant was expected to produce more than 10,000 tons of nickel a year.

An A$200m joint project in the Australian province of Queensland with Gencor’s coal company Ingwe was exploring a shallow depth coal mine with an estimated resource of 500-million tons.

The group hoped to complete the feasibility study by 1998 with an application for a mining development lease being made in 1999, he said.

Gencor was also negotiating with Cuban authorities to begin exploration on a joint nickel project. Raubenheimer was optimistic that an agreement to begin explorations would be concluded within the next few months.

Gencor would focus most of its other attentions on mining projects in Indonesia, the West African countries of Ghana, Burkina Faso and Ivory Coast and countries within the Andean Cordillera, Raubenheimer said.
Small miners welcome JCI’s limited mineral rights sell-off

David McKay

JCI’s decision to sell some of its mineral deposits has been resoundingly greeted by the small-scale mining sector with up to 80 companies clamouring for a piece of the group’s innovative sell-off, executive director Nick Segal said at the weekend.

"Of the 80 parties which have lodged initial inquiries, 25 have signed confidentiality agreements with JCI," he said. These agreements were viewed as a pre-condition to buying the properties.

Segal said some of the companies which had shown interest were listed on the JSE. However, there was no firm understanding of how many of these companies were from the black business sector. Thus would be looked into, Segal said.

JCI put 15 properties up for sale in January in line with government’s plans to encourage investment by the small-scale mining sector.

The properties, with deposits of copper, silver, zinc, coal, uranium, fuscobrick clay and nickel, were distributed in Northern Cape, KwaZulu-Natal, Northern Province, Gauteng, North-west and Mpumulanga.

The mining house had geological data and mineral rights on five of the properties and data for the other 10.

Segal said he would address the potential sell-offs with the JCI executive committee within the next two weeks.

Meanwhile, a report detailing the latest offers for the various properties would be completed this week.

Segal indicated that the sell-off might well be the last because the group did not have many more undeveloped properties which it would not use itself.
SA mines feel effects of downsizing — Scargill

Renee Grawitzky
PB 20/3/96

The SA mining industry was starting to feel the effects of downsizing in the form of shaft closures, retrenchments and the destruction of communities, British unionist Arthur Scargill said.

Scargill, who is president of the British National Union of Mineworkers, said this was similar to the changes that occurred in the mining industries in Western Europe, UK and US from the 1960s to the 1980s.

Scargill said during a recent visit to SA that the SA mining industry should be expanding and not in decline.

He said the mining industries in Europe and the US had all but been totally destroyed. The decline in world demand, he said, was as a result of "capital in crisis".

Scargill said global capitalism was creating the problems being experienced in the form of "globalisation".

Trade unions, he said, had to come to the realisation that they had to act collectively to challenge globalisation. If necessary, unions had to embark on industrial action on a global scale, Scargill said.

SA trade unions, he said, could not begin to tackle the problems in SA without demanding the public ownership of industry, and especially the mining industry.

Scargill said during the massive retrenchments in the UK, the union was led by a right-wing leadership and they made the mistake of collaborating with the government. He said the industry had been destroyed and mine workers had become "industrial gypsies".

In the UK, 16 000 people are employed in the industry as compared to more than 600 000 at its peak in the 1960s. In France, 25 000 are employed as compared to 250 000 in post-war Europe. The US mining industry at its peak employed 2,5-million workers — Scargill said there were now 60 000 people employed in the industry.

He said the same trend was occurring in manufacturing in the UK, which currently employs 3,9-million people as opposed to 7,1-million in the mid-1970s.
Govt to help small miners

Patrick Wadula

THE Northern Cape government planned to help small-scale mining groups buy mineral rights from De Beers, the province said yesterday.

Minerals and energy adviser Anwar Carawa said the province would help formulate tenders and draw up business plans for the groups, but that financing was not on the table. The province was currently studying the issue, and its report would be available next month.

The sales include more than 50 farms in areas such as Kimberley, Kroonstad, Theunissen, Viljoenskroon, Lichtenburg, Venterdorp, Cullinan and Wolmaransstad.

De Beers said earlier this week that it planned to sell a string of mineral rights, with sales including more than 50 farms.
**NEWS IN BRIEF**

**Province aids miners**

THE Northern Cape government planned to help small-scale mining groups buy mineral rights from De Beers, the province said yesterday.

Minerals and energy adviser Anwar Carawa said the province would help formulate tenders and draw up business plans for the groups, but that B1nang was not on the table. De Beers said earlier this week it planned to sell a string of mineral rights, which would probably leave the group with its existing diamond mines and exploration programmes.
Lining productivity study suggests a re-think

By Ross Herbst

Johannesburg—The mining industry can more than double operating profit without introducing Sunday work, a computer study presented last week by the CSIR's Minim Tek shows.

This goes against conventional thinking that working on Sundays and holidays is the shortest route to improved profitability in gold mining.

The study says the biggest obstacles to improvement are management and accounting systems, which mask the real costs of many mining activities and therefore conceal opportunities to improve productivity.

"Certain costs, for example labour (mune management) known costs that it costs to drill a hole and they don't know," said Nick MacNulty, a cost-benefit analyst at Minim Tek, and co-author of the report.

Traditional accounting adds up costs according to the department or function. So for example, the cost of pumping pressurised air underground to run pneumatic drills is often part of an engineering or surface-operations budget, even though the air is needed by production staff for drilling and blasting.

The study, which tested data from 10 mines, reallocated costs according to real mining activities using labour, geology, mine layout, and cost data from a West Rand mine that produces about 210 000 tons of ore a month at an average depth of 1400m. The results were built into a computer model, which was used to test what-if scenarios for existing productivity-improving techniques.

"Success rates and cost data from six key techniques were applied to the model. The conclusion was that known systems could boost operating profit by 210 percent a ton milled, cut working costs by 1.5 percent and boost ore grade by 13.3 percent."

The study also suggested improving the precision of drilling and blasting is the single most cost-effective change mines can make to boost productivity.

The average South African gold mine only blasts once every three days. Although increasing the number of blasts is recovering the most industry attention, the computer model shows improved drilling produces a greater financial payoff more quickly.

The six techniques tested were:

- Hydraulic overhead supports that can be left in place during blasting.
- Drills that allow the mune to narrow the width of the seam being mined by 17 percent, producing less waste rock for removal and processing.
- Hydraulic drills that boost productivity by 210 percent a ton milled, cut working costs by 1.5 percent and boost ore grade by 13.3 percent.

"Better drilling produces a greater financial payoff more quickly."

- Backfilling, which involves filling the void with a mix of water, concrete and crushed rock, adds cost but improves safety and ventilation while cutting power and refrigeration costs.
- Precision ignition with electronic or percussion detonators if explosive charges can be ignited in a precise sequence. Their energy is released in a wave that breaks 15 percent more rock in each blast.
- Water jetting. High-pressure water jets greatly accelerate the process of knocking down loose rock after a blast, a process that takes up a significant amount of crew time.
- Rock handling. New systems for moving ore, known as continuous scrapers, cost 10 times as much as conventional systems, but halve operating costs.
Defiant Alex
squatters march

BY ANNA COX
Squatters illegally occupying the
Far East Bank of Alexandria, Sand-
ton, staged a protest march to Pre-
mer Tokyo Sexwale's office yes-
terday, causing traffic congestion
along Louis Botha Avenue.
Leader John Malatu said the
squatters took to the streets be-
cause they had not been consult-
ed by Eastern Metropolitan Sub-
structure councillors about the
technicalities of their move off the
Far East Bank or about the loca-
tion of the new site.
The squatters were to have
been moved to an unnamed site
tomorrow, but Malatu said they
would not move until there was
full consultation.
Lonrho inquiry is free of ‘fear or favour’

By John Fraser

Brussels — European Union officials said this week they were operating without fear or favour in investigating the planned merger between the platinum interests of Lonrho and Gencor, a South African mining group.

Under the plan, Gencor and Lonrho intend to acquire joint control of Impala Platinum Holdings. The merged entity is expected to dominate the platinum market as the world’s largest producer.

Because of the deal’s scale, news of it automatically triggered an EU investigation.

Officials in Brussels were anxious to ensure that the new platinum body did not become a monster that distorted competition on the European market.

“It is wrong to say we are hostile to this deal as such,” said an EU official commenting on reports that Lonrho believed the EU had been hostile to the plan from the beginning.

“If the merger goes above a certain threshold, we are obliged to investigate. We have a special merger task force made up of lawyers and business experts who conduct a full economic analysis,”

“They consult with the firms likely to be affected by a merger and with the 15 EU governments. Then a final decision on whether or not the merger can go ahead is taken by the 28-strong European Commission. We will make our decision on the basis of economic analysis, without fear or favour.”

An EU spokesman said the organisation had said a decision would be taken by May 7 and that would happen “beyond that, we are not prepared to comment.”

EU officials were basing their analysis on the effect the merger would have on the European platinum market.

They were anxious to ensure that any resulting reduction in competition would not harm European companies that purchased platinum, whether in terms of higher prices or restricted supplies.

The planned merger has won the approval of Lonrho and Impala shareholders, and of South Africa’s competition authorities.

However, President Nelson Mandela’s government has been opposed to the merger and the Mabhida tribe is also said to have given evidence against the plan to EU investigators.

There have also been reports that Lonrho employees in South Africa oppose the merger, but have been gagged by Lonrho’s head office in London.

The EU wants to ensure that the platinum body will not be a monster that distorts competition.

The EU Commission has the power to block the merger, but could also decide to ask for changes to the deal’s terms to make it more compatible with the union’s free competition rules.

A Brussels publication on merger policy said the European Commission “is required to satisfy itself that a merger does not create or strengthen a dominant position, as a result of which effective competition would be significantly impeded in the common market or in a substantial part of it.”

The commission has already decided that the Lonrho-Gencor deal falls within its competence, and launched a detailed inquiry in December.

Evidence has already been heard from the companies involved, from interested third parties and from all the EU governments.

If the European Commission’s impending decision outrages Lonrho or Gencor, the firms have the right of appeal to the Luxembourg-based European Court of Justice.

There is speculation that the commission may decide to block the deal, or will require changes to some of the merger’s details —— Independent Foreign Service
SA 'pivotal' to mining in Africa

Sydney — South Africa will play a pivotal role in the mining development of the continent, Willo Stear, the general manager of Rand Merchant Bank's mineral resources division, said yesterday at the Bell Securities 1996 Emerging Gold Producers Conference.

"The changing trend towards greater global interest in Africa has only just begun," he said. Stear said global exploration in Africa outside of South Africa, was still small, but had more than doubled since 1993.

"It has been said that Africa could become the next Latin America as capital becomes available through the anticipated increase in the number of sub-Saharan capital funds which are likely to be established over the next few years."

Stear attributed the growing interest in the potential of Africa's mineral resources to a decline in conflict in many mineral-rich countries, an improved investment climate in most sub-Saharan countries and the passing of legislation encouraging private investment and reducing state involvement.

Another factor was the influence being exerted by South Africa, through its foreign policy and trade, to improve the African macro-economic environment.

He said the growing wave of gold exploration and new mining project developments in sub-Saharan Africa had centred on West Africa, mainly in Ghana.

However, there was an increasing interest in the gold deposits around Lake Victoria, and in the gold mining districts of Tanzania, Uganda and Kenya.

Exploration tentacles were also being spread into Ethiopia and Central African countries such as Gabon and the Congo. South African corporations were among those companies setting their sights on the state-controlled Zambian-Zaaran copperbelt, and the gold and diamond fields of Zaare and Angola.

"Modern technology in the fields of mineral exploration has not been applied to many of the mineral-rich regions of Africa, thus enhancing the scope for new discoveries," Stear said.

The commitment of South African mining expertise, technology and finance "is one of the more significant factors which will influence the future ability of companies to raise equity capital and stimulate growth in Africa's emerging minerals industry," he said.
Africa one of world's 'prime mining areas'

AFRICA was emerging as one of the world's prime mining and exploration regions where the cost of entry into deserving projects with high profit potential was still relatively cheap, RMB Resources GM Willo Stear said yesterday. "Stear said at the Bell Securities 1986 emerging gold producers' conference in Sydney, Australia, that the proportion of global exploration spend in Africa — excluding SA — had more than doubled in the past two years. The attractiveness of Africa as a prime mining and exploration region was likely to prevail for some time, before more companies intensified their exposure to the continent's opportunities. "It has been said that Africa could become the next Latin America as capital becomes available through the anticipated increase in the number of sub-Saharan capital funds which are likely to be established over the next few years."

Stear said a general decline in civil conflict in many mineral-rich countries as a result of the demise of communism, together with a vastly improved investment climate within the majority of sub-Saharan countries, had helped to promote foreign investment.

The passing of legislation encouraging private investment and reducing state involvement had also spurred interest. The wave of gold exploration and new mining project developments had been centred largely on West Africa — in Ghana, in particular — and there was increasing interest in gold deposits surrounding East Africa's Lake Victoria, mainly in the old mining districts of Tanzania, Uganda and Kenya.

SA corporations had set their sights on the currently state-controlled Zambian/Zairean copper belt and on the gold and diamond fields of Zaire and Angola. "Modern technology in the fields of mineral exploration have not been applied to many of the mineral-rich regions of Africa, thus enhancing the scope for new discoveries," he said. The commitment of SA mining expertise, technology and finance was one of the main thrusts behind the future ability of companies to raise equity capital and stimulate growth in Africa's emerging minerals industry.
The estimated cost of these accidents was R2.3 billion. The recommendation of the task team on traffic policing is that traffic policing be declared an emergency and immediately be put in place.  

3. Whether, for purposes of the apartheid mining industry, the estimate of South Africa's mining industry's net asset value of R3.4 billion (in 1996) is still relevant, given the current and projected trends in the mining industry?

4. Whether, for purposes of public enterprises, the mining industry's net asset value is a proper measure of the industry's value?

5. Whether, for purposes of the apartheid mining industry, the estimate of South Africa's mining industry's net asset value of R3.4 billion (in 1996) is still relevant, given the current and projected trends in the mining industry?

6. Whether, for purposes of public enterprises, the mining industry's net asset value is a proper measure of the industry's value?

7. Whether, for purposes of the apartheid mining industry, the estimate of South Africa's mining industry's net asset value of R3.4 billion (in 1996) is still relevant, given the current and projected trends in the mining industry?
Richards Bay mining plan to cost R1,3bn

By Shirley Jones

Durban — Richards Bay Minerals (RBM) will proceed with a R1,3 billion investment programme, Barry Clements, the general manager of community and public affairs, said at the weekend.

The programme will include a R200 million fifth mining plant and the associated infrastructure at its Zulul North lease area, north of Richards Bay.

The plan, which has been on the back burner for some time, will take place over the next five years.

The green light for the project comes after the recent Cabinet decision not to allow mining along the eastern shores of Lake St Lucia.

The plant was originally to have been built on the controversial Kinga Tojan lease along the eastern shores of St Lucia, but that option was rejected by the Cabinet.

The rest of the investment will go towards upgrading the infrastructure at the two existing plants at Zulul North and the two on the Tsand lease, which the company started mining about 15 years ago.

Keith Rumble, RBM’s newly appointed managing director, said the investment would maintain and increase output through existing plant and infrastructure.

“The distances between the various mining plants and the main processing site require continuous maintenance and extension of infrastructure like roads and electricity,” he said.

“This investment will enhance RBM’s position as the largest single producer of titanium products in the world over the short to medium term.”

Rumble said that RBM had always had a policy of buying local goods, and more than 90 percent of the R1,3 billion would be spent in South Africa.

The remainder would be used for dredging plant that would be brought in from overseas.

Clements said building at the new plant would begin within 18 months and bring 1,000 construction workers to the site. It would be commissioned in 2000.

He said the plant would ultimately provide 100 permanent jobs in the Sodwana area north of Richards Bay.

The cabinet’s decision not to allow the mining of the Kinga Tojan ore body did not mean an immediate financial loss for RBM or job losses in the short term, because the company still had more than 25 years of full production ahead of it, he said.

The change of plan does mean the company will shut down five years earlier than planned because there are no ore bodies of similar quality and value as the Kinga Tojan site elsewhere in South Africa.

The Kinga Tojan site, at last year’s prices, was worth R12 billion in export revenue to RBM. The state would lose about R2.7 billion in tax revenue.

“In terms of the RDP and low-cost housing, that would have built a city the size of Bloemfontein,” Clements said.

Industry sources said that RBM could still gain access to the Kinga Tojan ore body. The postscript to the cabinet decision to develop Lake St Lucia as an eco-tourist destination was that RBM would maintain its mining rights in the local communities’ quality of life did not change within the next 10 to 15 years.

Little has been done to develop the area, but Clements would not be drawn on this issue.

“As far as we are concerned, we are out of the St Lucia equation,” he said.

He said that the grades declined as the company moved north along its existing ore bodies. This meant the company had to process more sand more efficiently and keep costs down to maintain its dominant position in the export market.

RBM is the largest mining operation of its kind in the world, producing 1 million tons of titanium slag a year. The company produces 26 percent of the world’s titanium oxide, 28 percent of its rutile, 31 percent of its zircon and 27 percent of its zircaloy.

As a privately held company, RBM reveals little.

Clements said RBM had budgeted for a turnover of more than R2.5 billion this year, or about R6.8 million a day.
Anglo chiefs plan a meeting with Mugabe

Michael Hartnack

HARARE — Anglo American chairman Julian Ogilvie Thompson and executive director Nicky Oppenheimer planned to meet President Robert Mugabe to defuse the confrontation over the corporation's pace in giving top jobs to blacks in Zimbabwe.

Oppenheimer told The Herald in an interview published yesterday Mugabe's public onslaught against Anglo over the past two months painted a picture of conflict between business and government.

"It is not a good idea in my view to have this sort of impression given to potential new investors. I am pleased to say that contacts have been made and I hope that it will be possible for me to meet members of the government shortly."

He denied claims Anglo had no senior blacks on its board or running its operations, but acknowledged that "when you look back you would probably find we haven't done enough."

In a separate interview with the Zimbabwe Independent, Ogilvie Thompson said he would be happy to sit down with Mugabe, but declined to comment further.

Business sources here say Mugabe may use his stringent immigration controls to stymie Philip Bonn, Anglo's desired replacement for retiring Zimbabwean chief executive Roy Lander.

Anglo was reportedly considering an act of defiance against Mugabe's political interference — having Bonn run its Zimbabwean operations from Johannesburg.

Sources say the mines ministry had ordered Anglo to "restate" former board member Elias Ngugiwa, who last year resigned to found a private airline and chair the state-owned Astra Corporation. But Ngugiwa, an outspoken critic of Mugabe's economic policies during his chairmanship of Zimbabwe's Chamber of Mines, reportedly did not want Lander's job.

White Zimbabwean Bill Smart had been groomed to succeed Lander, but was snatched up by the platinum and chrome mining company Zimascoro when Anglo favoured Bonn, its specialist in Zimbabwean minerals for many years.

Ogilvie Thompson said a black advancement programme was under way. "We have invested heavily in education and training."

"We would soon initiate a meeting with Zimbabwean government officials to try and iron out any differences. But we have not done enough."

Mugabe alleged both in Harare and London that "we are interested in that country and we want to come in."

Mugabe, alleged both in Harare and London, "here they (Anglo) want to come in and take the country and run it as they like."

Thousands fired at Amplats mine

Bonile Ngqiyaza

AMPLATS said yesterday it had dismissed 13,361, or "just less than 50%" of its workforce at its Rustenburg Platinum Mines (RPM) operation — 6,877 at the Union section and 7,484 employees at Amandelbult.

The dismissals followed an ultimatum to return to work issued in terms of a Supreme Court interdict last week. "The workers have ignored both the interdict and the ultimatum," Amplats said.

Amplats management and the National Union of Mineworkers (NUM) held a meeting last night at the request of the union, which was concerned about the position of their members, Amplats spokesman Johan Adler said. About 30% of the miners at the Union section were NUM members, while the figure was "close to 40%" at the Rustenburg section, Adler said.

The company, which is the world's biggest platinum producer, said revenue losses had increased to more than R13.5 million a day as a result of the strike.

Adler said the illegal strike action had spread to all shifts at RPM and that 100% of underground output was affected.

The smelter and refineries at the mine continued to operate on stockpiled material but all underground production had been affected.

Employees on strike at the mine's Rustenburg section had been issued with a similar ultimatum and would also be dismissed if they did not return to work in terms of final ultimatums issued. Workers were in dispute with management over payouts of company benefits and bonuses.

Rustenburg Platinum Mines' production of refined platinum in the year ended June 30, 1995 was 1,437 million ounces.

Reuters reports that Gold Fields' Northam Platinum Ltd said about 150 workers involved in an illegal work stoppage last week had returned to work.
Cabinet urged to act on pay rise for mine inspectorate

Ingrid Salgado

The Cabinet should urgently prevent the public service commission from blocking a decision to implement "without delay" in order to attract candidates of the right quality and calibre to the inspectorate. It is considered unusual for an inquiry to express itself in such strong terms.

The public service commission has denied Cabinet's decision on the grounds that improved packages in the inspectorate would set a precedent in the civil service.

The inquiry, which accepted submissions from the department, employer and employees' organisations, has made 60 recommendations in all.

They cover haulage and transport accidents, the accident reporting system and the shortage of personnel to administer the task, and mine health and safety regulations, among others.

It was recommended that accident reporting codes be refined and extended to include "near misses" — only actual accidents are reported currently — with potential for serious injury.

A coherent national reporting system for occupational injury and illness had to be developed in consultation with the labour department and the Central Statistical Service. Other recommendations include:

□ Several steps to stop locomotives from falling into mine shafts, including that each locomotive have a rapid acting spring braking system capable of stopping the locomotive by itself.

□ That there be an urgent investigation of accidents from haulage transport and shafts, the second highest cause of accidents after rock bursts in gold mines.

□ That the tripartite advisory committee researching mines' safety investigate safety devices, non-compliance with safety regulations and communications systems; and

□ That the department and mines take steps to ensure manufacturer-supplied equipment did not pose safety or health risks.

The inquiry said that Mine and Safety Act regulations should be upgraded urgently, and the Act should be effected as soon as possible — it is expected to come into effect on August 1.
Miners desert NUM for rival union

By Jonathan Rosenthal

Johannesburg — Dismayed National Union of Mineworkers (NUM) members at Gencor’s gold mine in Kanosse are swelling the ranks of the United People’s Union of South Africa (UPUSA).

According to Lucas Borman, the human resources manager for Kanosse, UPUSA membership at the mine now stands at 1 600. The NUM has 4 500 members on the mine, while 900 workers are not members of a union.

UPUSA was formed in 1986 as a break-away from the South African Workers’ Union. Elias Khumalo, the secretary of the Durban-based union, denied suggestions that they were aligned with the Inkatha Freedom Party (IFP).

In 1994 the union was implicated in factional violence between the African National Congress and IFP supporting miners at the ERPM gold mine in which several miners were killed.

Khumalo yesterday said a dispute had been declared with the management over the latter’s refusal to recognize the union.

UPUSA’s access agreement with Kanosse stipulated that it would have to prove membership of 40 percent of the workforce before it could be granted recognition, said Borman.

However, Khumalo contested Borman’s figure of 1 600, claiming that UPUSA was the majority union with 4 000 members at the mine. His claim was in turn denied by Tom Dale, the managing director of Gencor’s gold division, and by the NUM.

“The company does not want to sign a recognition agreement with us because we are a union committed to addressing worker issues,” Khumalo said.

Dale said he was not concerned about the prospects of union rivalry at the mine turning into open conflict, saying that the situation was one of “healthy competition for members.”

“Management must be seen to support freedom of association and we will only get involved if it turns into something else,” he said.

Gencor’s gold arm lifts income

Johannesburg — Gengold, Gencor’s gold mining arm, boosted distributable income for the June quarter by 28.3 percent to R56.7 million, in spite of a retrenchment-associated R6.8 million loss at Winkelhaak.

Tom Dale, the managing director, ascribed the improvement largely to a higher gold price, although the benefits of Gengold’s restructuring were also a factor.

Total operating income for Gengold’s five mines — Beatriz, Kanosse, Leslie, St Helena and Winkelhaak — increased 16 percent to R112 million against the March quarter’s 7 percent gain.

Taxed income rose 18 percent to R109 million, and working costs rose marginally to R394 million.

— John Spira

[See full report, Page 17]

[See Business Watch, Page 16]
Mine tables a revised offer

Renee Grawitz

WAGE talks continued this week between De Beers and the National Union of Mineworkers, with employers tabling a revised offer of 7% in response to a union demand of 14%, a company spokesman said.

After problems in negotiations, the company revised its initial 6.5% quantum increase to a 7% increase.

De Beers said that a merit award system had been in place for some time, the offer included a 7% plus merit awards of up to 3%. At other mines, workers would receive additional service increments calculated at 1% of revised, pensionable wages.

Negotiations between the union and the Chamber of Mines as well as metal industry discussions are expected to continue today.
Flexible hours expose new Doornkop reef

AGREEMENT on flexible, full calendar operations has led to a decision by the board of Randfontein Estates Gold Mine to exploit the Doornkop South Reef.

John Brownrigg, managing director of JCI's gold division, which manages Randfontein, says two years of feasibility studies have confirmed the reserve. All employees were briefed last week and agreements on flexible work practices secured.

The project, estimated to cost R805-million (July 1996 money) over eight years, will extend Randfontein's life to 2024.

Funding requirements of R118-million will be satisfied from retained earnings, dividends will be maintained in real terms through capitalisation awards.

The South Reef is only 10m wide in places and the target portion of 18.7-million tons lies between 1700m and 2000m below surface.

A recoverable grade of 16.5 g/t is expected over a 100m stope width. Commissioning in 1999, full production will be reached in 2002.

Should the gold price fail and render any project uneconomic, or problems occur at Randfontein, work on South Reef will be suspended.

A circular to shareholders is due for despatch within a week.

Randfontein is managed by JCI, which is 48% held by Anglo American and is a vehicle for black economic empowerment.

JCI's gold mines Randfontein, Western Areas and HJ Joel, lifted gold profit by 22% to R72.2-million in the June quarter.

Randfontein almost doubled its profit after tax to R25.1-million in spite of lower grade and gold production due to the treatment of a

Western Areas and HJ Joel lifted gold profit by 22% to R72.2-million in the June quarter.

Randfontein almost doubled its profit after tax to R25.1-million in spite of lower grade and gold production due to the treatment of a

expected improvement this quarter.

HJ Joel lifted milled throughput by a quarter to 215,000 tons. Coupled with a better grade, gold production rose 27% to 1241kg. This led to a R124.4-million profit for the June quarter, against a R11.8-million loss in March. Rights issue cash yielded interest income and the quarter's profit reached R21-million.

Anglovaal's mines Harties and ET Cons had poor mining quarters, saved only by sundry and non-mining income. The Avmin gold mining division showed profit after tax of R73.8-million, a third higher than in the March quarter, but gold production fell by 9% to 8744kg on loss of grade at ET Cons and production problems at Harties.

Avmin director Gerry Robbertze updated progress on several projects. Phase 1 of the Forza coal project is 95% complete and production is at 59,000 tons a month at a productivity rate of 650 tons a man a month. All costs have been within budget. A decision to proceed on phase 2 will be taken in December, and the study of phase 3 will be finished next year.

A drilling project is under way at Doornfontein, which could yield 540,000 tons of low-phosphorus coal a year. Its feasibility will be determined by year-end.

Progress at the Nkomati mine is on schedule, while Avmin has also secured prospecting rights to six areas in the Zambezi.
Go-slow strikers kept from work

DURBAN — Richards Bay Coal Terminal had locked out about half of the 500 workers employed on-site since Sunday following a breakdown in wage negotiations and a deadlock on housing subsidies, Transport and General Workers' Union spokesman Dumi Nyawo said yesterday.

Nyawo said union members had been on a go-slow strike since last week when labour representatives and management talks on the annual increases broke down.

Richards Bay Coal Terminal MD Mike Dunn declined yesterday to comment on the union's allegation that management had locked out the semiskilled workforce at the weekend.

Nyawo said there had been a deadlock in negotiations on the housing subsidy. The union had called for subsidies to be equalised across the board and not dictated by band status.

A-band employees received a R250 monthly subsidy, B-band R700 and C-band R1 200. Nyawo said the company's offer of R620, R790 and R1 630 respectively was unacceptable and should be standardised to a minimum R1 000.

The union demands a wage increase of between 12% and 15% with the employer offering 10.5%.

Nyawo said the union would compromise on 12% if a satisfactory agreement could be reached on the housing subsidy issue.

Negotiations were expected to continue today.
ANC, mining houses and common ground on future
Chamber changes its focus

Reinie Booyzen

THE Chamber of Mines of SA has been restructured to focus on its new primary function as a lobbying organisation for the mining industry, outgoing president At Du Plessis said yesterday.

The remodelled organisational structure was "effectively equipped to engage government, labour and other significant protagonists in the national public policy arena. What has evolved is a modernised entity competently positioned to represent the interests of its members in contemporary SA," said Du Plessis.

The chamber's "core advisory division" was the only remaining operational component funded exclusively by membership subscriptions.

"Other chamber functions now reside under the umbrella of service companies and are available on a user-charge basis."

The members' interests were "inseparably related to the extensive process of legislative and regulatory review that continues to preoccupy central government", he said.

"It is an exercise of critical significance to the mining industry because most of the statutes being rewritten or revised have a direct or indirect impact on the business of mining.

"The transformation of the chamber has been accomplished to ensure that the mining industry's voice does not go unheard in the variety of fora constituted to facilitate the production of a new book of SA statutes."

Du Plessis said the chamber's constitution had been amended to eliminate barriers to entry and make membership of the chamber "an attractive and beneficial option" to companies still outside its membership ranks.

Segal ready to play chamber role

In coming chamber of commerce president, Nick Segal, was interviewed by Bernie Dossan.
Junior vs Giants

A junior mining group is boldly entering the mining majors' territory. Bronwen Jones reports

Metal company Metorex normally keeps a low profile, but its bold moves as the only South African junior to tender and pre-qualify for the Zambian Consolidated Copper Mines' privatisation mark it out as unusual.

With a stack of tender documents piled on his desk, Simon Malone, chief executive of the 21-year-old firm, said: "We're thrilled that we've pre-qualified for this project.

"There appears to be only one ingredient missing. A South African client who wants to throw a whole gob of money into the copper belt.

"The company is interested in two areas. One is Kansanshi and the other, with its high-grade copper deposit, has to remain confidential at this stage. Metorex has tendered for both prospects in partnership with exploration companies Randex and Africore.

Five different companies have tried to mine one of these Zambian prospects, but it was closed every time. Nonetheless, Metorex is entirely convinced it can succeed where others have failed.

Malone says the super oxide copper ore deposit is "suitable for a junior with imaginative financing." It would be operated by a solvent extraction electro-winning process. The 15- to 20-million ton prospect has 2.3% copper and a predicted life of some 15 years.

The attraction of Zambia lies in a whole host of promises from the government: from free-market policies to liberalised interest rates, abolition of exchange controls and a commitment to 15 years of unchanged tax and foreign exchange policies. The government has privatized 130 companies in the past two years, and many with South African investment are doing exceptionally well.

In addition to its Zambian aspirations, Metorex has many other interests in the fire. Most notable is its intention to seek a base metals listing on the Johannesburg Stock Exchange in the first quarter of 1997.

"To do this, the company is expected to reverse the high-grade Maranda mine into the Rosaberg Tin cash shell, which comes complete with some 300 shareholders.

"Maranda mine is located 15km west of Gravelotte, in the hills of the Northern Province's zinc and copper-rich Murchison Range. Metorex has managed the mine since 1991. Following the discovery of the romotshidi deposit nearby, Maranda's life is guaranteed well into the next century.

'There is no interest in juniors in this country. Even the geology of the country is against it.'

Malone, who has been in the mining industry for 30 years, is unrepentant.

"There is no interest in juniors in this country. Even the geology of the country is against it.

"But he believes "The time of the juniors is coming."

Financially, the time may not be quite right, because there is a perception in the market "that juniors are a bunch of skerks (crooks) and profiteers." Malone says "But the majors are going offshore, leaving a void in development. He adds "Structurally the country, the industry, has got to change and it is now changing."

A junior is a company which usually takes on projects of less than R50-million, employs less than 500 people and is not technologically complex. Juniors in open cast mining might move 60 000 to 70 000 tons of ore a month or, in underground operations, only some 10 000 to 15 000 tons a month.

Metorex's other coal interests include Leeuwfontein Mine and Bankfontein Opencast Mine.

With its headquarters in downtown Johannesburg, Metorex is entirely South African, but it has operations in all of Southern Africa's immediate neighbours.

Malone feels that Metorex is a unique position in South Africa, particularly with its base-metals expertise. Apart from a host of small diamond mining organisations, "there is no interest in juniors in this country," says Malone: "Even the geology of the country is against it."

"But he believes "The time of the juniors is coming."

Financially, the time may not be quite right, because there is a perception in the market "that juniors are a bunch of skerks (crooks) and profiteers." Malone says "But the majors are going offshore, leaving a void in development. He adds "Structurally the country, the industry, has got to change and it is now changing."

A junior is a company which usually takes on projects of less than R50-million, employs less than 500 people and is not technologically complex. Juniors in open cast mining might move 60 000 to 70 000 tons of ore a month or, in underground operations, only some 10 000 to 15 000 tons a month.
Junior vs Giants

(210) M&G (12/96) 20-23/12/96

A junior mining group is boldly entering the mining majors' territory Bronwen Jones reports

MINING company Metorex normally keeps a low profile, but its bold moves as the only South African junior to tender and pre-qualify for the Zambian Consolidated Copper Mines' privatisation mark it out as unusual.

With a stack of tender documents piled on his desk, Simon Malone, chief executive of the 21-year-old firm, said "We're thrilled that we've pre-qualified."

There appears to be only one ingredient missing, "Now we must find an English metal trader that wants to throw a whole gob of money into the copper belt."

The company is interested in two areas. One is Kansanushi and the other, with its high-grade copper deposit, has to remain confidential at this stage. Metorex has tendered for both prospects in partnership with exploration companies Randex and Afriore.

Five different companies have tried to mine one of these Zambian prospects, but it was closed every time. Nonetheless, Metorex is entirely convinced it can succeed where others have failed.

Malone says the super oxide copper ore deposit is "suitable for a junior with imaginative financing. It would be operated by a solvent extraction electro-winning process."

The 15-to-20 million ton prospect has 2.2% copper and a predicted life of some 15 years.

The attraction of Zambia lies in a whole list of promises from the government: free-market policies, liberalised interest rates, abolition of exchange controls, and a commitment to 15 years of unchanged tax and foreign exchange policies. The government has privatised 130 companies in the past two years and many with South African investment are doing exceptionally well.

In addition, Metorex holds options and rights over a distance of 100km in the "Murchison belt", where it is confident of finding further valuable deposits. A prospecting agreement has already been signed over the Leitba copper zinc mine 40km east of Maranda.

Maranda is owned by Metorex, Mercantile Bank, the Industrial Development Corporation, Randex and two syndicates.

The mine employs 300 people, mainly from the local community. It has a 215m deep shaft from which 6,500 tons of ore a month are taken. It is the highest grade base-metal mine in South Africa and produces 15% of the entire zinc concentrate production for the country. The zinc is sold on to Zimcor and the copper to O'Keefe Copper Company in Namaqualand.

Towards the end of next year, Metorex is also looking to list a coal junior. But over what Malone describes as "the debacle of the Coal Minerals' coal project", which took a year to get into a respectable condition. The plant is now operating at design capacity and a significant "big brother" is to become involved. Malone would not be drawn on the nature of the expected investors.

Metorex's other coal interests include Leeuwfontein Mine and Bankfontein Opencast Mine.

With its headquarters in downtown Johannesburg, Metorex is entirely South African, but it has operations in all of Southern Africa's immediate neighbours. Malone feels that Metorex is in a unique position in South Africa, particularly with its base-metals expertise. Apart from a host of small diamond mining organisations, "there is no interest in juniors in this country", says Malone. "Even the geology of the country is against it."

But he believes "The time of the juniors is coming."

Financially, the time may not be quite right, because there is a perception in the market that "juniors are a bunch of skelmers (crooks) and profiteers", Malone says. But the majors are going offshore, leaving a void in development. He adds "Structurally the country, the industry, has got to change and it is now changing."

A junior is a company which usually takes on projects of less than R50 million, employs less than 500 people and is not technologically complex. Juniors in opencast mining might move 60,000 to 70,000 tons of ore a month or, in underground operations, only some 10,000 to 15,000 tons a month.
Mining Industry hit by Second Timber Price Hike

According to the latest report from the Ministry of Natural Resources, the price of timber has experienced a substantial increase, triggered by an unexpected surge in demand. This hike, which is the second of its kind this year, has caught many stakeholders off guard, especially the construction and real estate sectors, which heavily rely on timber as a primary input. The recent price increase is attributed to several factors, including supply chain disruptions due to the pandemic, increased construction activities, and a scarcity of raw materials. The impact of this hike is expected to be felt across various industries, from home building to furniture manufacturing. As a result, businesses are encouraged to explore alternative materials and to diversify their sourcing strategies to mitigate the financial burden.
The commission approved the bid from the mining company to acquire the mine. The proposed acquisition would include the mine’s infrastructure, equipment, and workforce. The commission's decision was based on a detailed evaluation of the company’s financial health and its plans for the mine’s future. The acquisition is expected to bring significant benefits to the local economy, including job creation and increased economic activity.
Mining deal lauded

By Isaac Moleli

THE conclusion of a deal between Anglo American and the African Mining Group at the weekend has been hailed as a significant inroad by black business into the South African mining industry for the first time.

New Africa Investment Limited deputy chairman Cyril Ramaaphosa said the deal had become the most significant mining deal in the history of South Africa.

Sun International non-executive chairman Khehla Mthembu said the deal has shifted the mining business from white domination to significant participation by blacks.

"This means blacks will be able to participate as meaningful players in the economy," said Mthembu.

Enc. Molefe, whose company Modlands Molefe Mining House is also participating in the deal, described the deal as a coup within a white-dominated mining house.

AMG consists of Coordinated Network Investment, Africa Renaissance, Khotso Investment, Northern Corporate Investment and Women's Development Bank Holdings.
NUM calls for Govt action on minerals

Government is steering away from alliance perspective, says union

By Abdul Milazi

The National Union of Mineworkers (NUM) has called for the nationalisation of the mines and for the Government to take up 60 percent of shareholdings in all mining companies.

The call is part of the resolutions taken by the union at its ninth national congress in Pretoria at the weekend.

The congress called on the Government to speed up the finalisation of a state policy on minerals and energy and to ensure that it favoured the working class. The NUM also warned that any restructuring of state-owned assets should be done in consultation with the labour movement.

"The ANC must always get properly mandated positions from its alliance partners on the policy of privatisation," one delegate cautioned.

The NUM further resolved to throw its weight behind the Congress of South African Trade Unions in its fight against wholesale privatisation.

Delegates expressed concern that the ANC-led Government “is moving away from the alliance position of partial privatisation, towards wholesale privatisation.”

"Any restructuring of state-owned assets must work in the interests of all the people of our country, not just the wealthy few who have access to domestic and international capital," said one delegate.

The congress wanted the restructuring to focus on effective and affordable delivery of services and the basic needs of all citizens.

Delegates argued that the mineral wealth of the country belonged to all its people and should not be owned by a few individuals.

The congress also rejected a two-tier labour market policy, as proposed by business at the National Economic Development and Labour Council (Nedlac), as a remedy for the country’s fledgling economy.

Minister of Labour Tito Mboweni told the congress that transformation could only be achieved if workers, government and business worked together in formulating policies.

Industrial policy

The NUM congress called on the Government to adopt a comprehensive industrial policy before embarking on further trade liberalisation, privatisation and removal of exchange controls.

The industrial policy should have specific stipulations for job creation and the expansion of the manufacturing sector, as well as meet RDP objectives.

The congress also rejected the Government’s macro-economic strategy, saying it was written by consultants who did not consult the alliance and therefore was exclusive in nature.

NUM president James Motlati said the macro-economic strategy represented “95 percent of the views of five percent of the population and five percent of the views of 95 percent of the population.”
CAPE TOWN — Mines are fighting moves by government to treat them and their mine dumps like mini-nuclear power stations.

The Chamber of Mines has complained to Parliament's minerals and energy portfolio committee that the Council for Nuclear Safety is imposing far too stringent regulations on the control of radiation in mines.

"The mining industry's experience to date with the council makes it necessary to register concern that (this) could be unduly restrictive and have severe economic consequences for the mining industry," chamber adviser Howard Hume told MPs.

"Since around 1983 every gold mine in SA has been a licensed nuclear facility. The reason is that, when recovering gold, mines also dig up naturally occurring radioactive minerals like uranium, which are either extracted or dumped on mine dumps.

Hume said this was unheard of elsewhere in the world, and added: "So our tailings are very mildly radioactive, but probably 10 times less than Canada's, for example, where they mine uranium.

"We have to take measures that our competitors do not have to take, that cost an awful lot of money and of which there is no way of proving the benefit," he said.

"We could not cost the effect of these measures, but said mines had to employ radiological technicians, had to have lower public dose limits than anywhere else in the world and had to have a full-scale licence.

Mines were ordered earlier this year to undertake also environmental and hazard assessments, adding to costs at a time when many mines were becoming marginal because of the lacklustre gold price and deteriorating ore bodies near the surface.

"We are trying to get reasonable and cost-effective regulations," said Hume.

"We want people to pay attention to the fact that reality has some impact here, and, while we can say we want to be the squeaky-clean nation on earth the cost of becoming so may ultimately put us out of the market." The Council for Nuclear Safety disagreed that its regulations were too stringent and said they were in line with international norms.

"Our main concern is to ensure that workers are not harmed," said a council official.

"But there may be a light at the end of the tunnel for the mines. The council is planning to set up an advisory committee on radiological protection and safety.

"It is not a closed thing," the official said.

"We have been speaking to them in the past. This will be more formalised now and all objections like these can be discussed." — Reuter.
Rebel leader opens Zaire to world business

Kabila 'no' to Anglo and De Beers

GUY OLIVER

Lubumbashi, Zaire — South African conglomerates Anglo American and De Beers will not enjoy any special privileges in Zaire, Laurent Kabila, the leader of the rebel alliance controlling the bulk of the central African country, said at the weekend.

Kabila's snub of the South African mining houses came during a face-to-face chat with about 30 investment bankers and fund managers from the US and Europe, during which he said Zaire would be opening soon to international business.

The bankers were brought to Lubumbashi by American Mineral Fields (AMF), which in a $1 billion coup secured some of the vast country's prime mining concessions, wrong-footing its South African rivals, Anglo American, Gencor and XCL AMP made an offer directly to Kabila's Alliance of Democratic Forces for the Liberation of Congo (AFDL).

Kabila accused Anglo American and De Beers of exploiting Zaire in the past without contributing to the country's development. "Nobody should take anything without leaving anything. It is rape. We should share," Kabila said.

"We have talked to De Beers and Anglo and told them we have the same policies towards them. They must develop."

Kabila cited Miba, the state-owned diamond company, as an example of mining rape. "Around those immense riches there is serious poverty."

De Beers has a contract to buy Miba's diamond output and is also one of several companies with various diamond buying offices around Zaire.

A De Beers spokesman said the "situation was still fluid" in Zaire, and that there were still negotiations between De Beers and Kabila's forces. A De Beers official, Nick Devonport, was in Lubumbashi at the weekend.

Florent Kambale, the rebels' mining minister, also spelled out the rebels' resentment of conglomerates, accusing them of having no social responsibility.

He said Kabila's government, which in a seven-month whirlwind offensive has overrun 95 percent of Zaire, with only Kinshasa remaining to be claimed, welcomed competition.

Analysts, led by AMF to Lubumbashi, regard Toronto-listed AMF's $1 billion deal to exploit copper and zinc reserves as a reflection of South African conglomerates' arrogant belief that Africa was theirs for the taking.

The tide of war has resulted in the positive sentiment that Anglo and De Beers once enjoyed under the regime of President Mobutu Sese Seko as turning sour.

An official of Gecamines, the Zairean mining parastatal, said Anglo was "more than upset" by AMF deal.

Jean Ramonde Bouille, the AMF chairman and a former De Beers employee, said his company planned to build a zinc smelter with a yearly capacity of 200,000 tons.
Comment & Analysis

Do not write off the mining industry.
Mineral rights a product of SA’s history

Debate about the ownership of mineral rights has gained momentum recently. Chamber of Mines president Nick Segal gives the chamber's perspective

By Nick Segal

Minerals: a wealth of history

Diamonds

1467 Cradock River discovery
1469 Star of Africa found (92,5ct)
1488 De Been Continental Mines
1528 Tomb discovery
1595 Lebowa mining venture begins
1934 Caratell mining venture begins
1971 75% of world output in SA

Golds

1878 Pilgrim’s Rest development
1886 Vaal gold deposits
1917 Anglo American Corporation of SA
1922 Gold Standard abandoned
1934 Free State and Blackpool gold fields
1937 United States of America

Platinums

1924 Mothlampe’s Indaba Platinum Mine
1929 Rustenburg and Potgieter Platinum mines
1960 Impala Platinum, Western Platinum and Alex
1961 Venetia Platinum (now Kimberley)
1965 Gold from copper
1971 Kana White Gold Complex

Coal

1865 Nels Nels River coal field
1869 Kougoed coal mine
1873 Republic of South Africa
1882 Republic of South Africa
1897 Venetia Platinum (now Kimberley)
1965 Oil from coal
1971 Richards Bay Coal Terminal

Development and extraction of the country’s massive reserves of gold—exceptionally deep by world standards — coal, platinum, vanadium, manganese, chrome and other minerals.

This arose because of, in the case of gold, the long lead time (now typically more than 15 years) and huge amount of capital (several billion rand) involved in bringing a new project to fruition. In the case of coal, the large infrastructure development requirements, and in the case of other minerals, the need for commercial and integrated management of long-term market development and minerals production.

In the geological and market circumstances, private ownership has given enough security of tenure to bring about the necessary confidence on the part of mineral rights holders for them to plan and commit large sums of capital with very long time frames in mind. This capital investment is not expected to project execution, but extends also to long-term exploration and technology development programmes, often specific to particular ore bodies.

There is no doubt that private ownership has worked well in bringing about the massive mineral deposits. But it must be recognised that the system has been used for entry for prospective, and especially small, explorers and miners.

Despite the considerable benefits that have accrued from private ownership, there is no denying that a realistically applied system of private utilisation of publicly owned ore bodies — such as pertain to iron in Australia and copper in Chile — might have been especially well suited to exploration, development and extraction of the country’s massive reserves of gold.

Crisis of the present distribution of mineral rights ownership, its legacy of racial bias should not ignore the changes taking place in the country’s ownership of assets.

In only a few years the share of the value of assets listed in the Johannesburg Stock Exchange that is under black control has risen from 2% to 9%. One large mining house is already under black leadership. Investment by black people elsewhere in the mining industry is happening.

Crisis: must also acknowledge local experience does not support movement towards a system of exclusive ownership of mineral rights. This would necessarily bring about a corresponding movement away from the kind of productive development that has been the experience of the other.

Further, apart from questions of constitutionality, any arbitrary deprivation of private rights would damage confidence in the country’s economic system. A proper policy would ensure that all private mineral rights would be retained and that no private mineral rights would be surrendered.

Crisis: must also acknowledge local experience does not support movement towards a system of exclusive ownership of mineral rights. This would necessarily bring about a corresponding movement away from the kind of productive development that has been the experience of the other.

Besides, there are limited degrees of freedom in seeking to effect the ownership changes government wants.

The constitution provides that property may be expropriated subject to the payment of compensation. Given the state of public finances, expropriation is hardly a feasible option.

The government has been engaged in discussions with the mining industry regarding the possibility of a solution acceptable to all. The discussions are aimed at ensuring that the mining industry is able to continue to meet the challenges that it faces.
Mining 'behind on black participation'

Patrick Wadula

The mining industry was lagging behind other sectors of economy in involving black participation within its ranks, Mineral and Energy Affairs Minister Penuel Maduna said yesterday.

Speaking at the official opening yesterday of the first black-owned coal mine, Ikhwezi Colliery, near Ingwe Coal Corporation's Delmas Colliery, Maduna called for cooperation between small and big businesses in SA to enable emerging companies to join the economic mainstream.

Black business did not expect handouts, but an opportunity to participate in the economy of SA.

Maduna said the oversubscription of shares in the Ikhwezi Share Scheme, introduced by the National Empowerment Corporation (NECorporation), indicated that blacks were waiting for an opportunity to be created for them to be part of the building of the economy.

Kuyasa Mining operations director Thabo Sibeko said the group had bought the surface rights of Ikhwezi Colliery (140ha) and the mineral lease for an undisclosed amount from Ingwe. "Kuyasa has agreed to supply Delmas Colliery with 75 000 tons of coal a month."

Ingwe chairman Mike Davis said royalties paid by Kuyasa would be deposited into a trust fund to be used for the development of another black empowerment venture.

Kuyasa Mining chairman Ayanda Bam at yesterday's launch of the company's first coal mine, Ikhwezi Colliery, near Ingwe Coal Corporation's Delmas Colliery in Mpumalanga.

Picture: CATHY FINNOCCH

Date: 4/3/97
THE SA gold mining industry is facing a major crisis, with the gold price plunging to its lowest level in 12 years on Friday.

Analysts expect the industry to report a combined net loss of about R100-million in the June quarter just passed. Larger losses are looming if the gold price maintains its current low level and a number of marginal mines could be forced to shut down, they warn.

The woes of the industry were mirrored on the JSE, where gold share prices slumped by an average 3%.

The sale of 167 tons of Australia’s gold reserves has left the bullion market shell-shocked. As the gold price plummeted to $523 — it recovered slightly to a close of $524.50 in London — analysts described the Australian move as the worst news since Belgium started to reduce its gold reserves eight years ago.

“If it had been any European country the market would have shrugged it off as just another adjustment ahead of monetary union,” said Andy Smith at UBS Bank of Switzerland. “But Australia is the world’s third largest producer and the Reserve Bank’s decision is a terrible vote of no confidence in gold. It is just so bearish. This could knock the bottom out of the market. It could be open house down to $300.”

Merrill Lynch’s Ted Arnold, who last month said gold was more likely to trade at $250 than $450 in the next two years, said producers sold forward before the Australian news broke.

The latest developments are a disaster for the local industry — close on the heels of this year’s disappointing first quarter, the June quarter is seen by industry watchers as likely to be the worst in the history of the SA industry.

“The quarterly results are going to be the worst that the industry has ever seen,” Nick Goodwin, a mining analyst at Fedsure, told Reuters.

Last quarter the majority of gold mines posted a fall in profit, with many actually sliding into loss.

“If you aggregate all the mines’ results it will be a net loss,” he said. He expected a net loss of R100-million compared with a profit of R280-million in the first quarter.

Profit margins at SA gold mines have shrunk severely due to escalating costs, lower grades and falling production, exacerbated by labour problems.

If the declining dollar gold price is not absorbed by a weaker rand, which economists regard as highly unlikely, losses at marginal operations could escalate, forcing management to evaluate the viability of those mines.

The Australian gold sale is symbolic of the recent attitude by central banks to mobilise their gold reserves.

The sudden move follows a long period during which its gold reserves have been static at about 7.9-million ounces since 1979. The sale leaves Australia with 2.57-million ounces which, at current values, means bullion accounts for less than 6% of the country’s reserves.

Australia is emulating Canada which has run down gold holdings from 33-million ounces in 1965 to 3.1-million.

According to Gold Fields Mineral Services, central banks have sold off 3,000 tons since the market was liberalised in 1988 — most of it in the past 10 years.
media, publications, documents, discussions meetings and workshops.

- skills development whereby professional and lay participants in the process are assisted to develop their expertise for use within and beyond the process.
- logistical support whereby interested and affected parties are assisted financially or in kind, to meet transport, catering, communication and other requirements enabling them to become active and full participants in the process and
- an empowering approach whereby there is appropriate process design and facilitation so that the power imbalances which are caused by varying access to knowledge, skills and experience are actively countered.

(2) Public meetings will be an integral component of public participation in the coastal policy formulation process. In order to facilitate public participation in the process, the coast has been divided into six regions. Regional co-ordinators have recently been appointed to manage the policy formulation process in each region. The regional co-ordinators will be responsible, inter alia for facilitating public meetings and events and assisting in capacity building and training programmes in their region.

A Briefing and Orientation Event was held from 12 - 14 August 1997 to introduce the regional co-ordinators to coastal zone management, the environmental policy context in South Africa and the history of the Coastal Management Policy Programme. Public meetings have not yet been scheduled but will definitely be held during the last quarter of the year.

*13 Dr K RAJOO - Health [Question standing over]

Subsides to Sasol/Mosgas discontinued

*14 Dr K RAJOO asked the Minister of Minerals and Energy

Whether he or his Department has considered discontinuing the granting of subsidies to (a) Sasol and/or (b) Mosgas if not, why not or if so, what are the relevant details? N1574E

The MINISTER OF MINERALS AND ENERGY

(a) and (b) No, as Cabinet on 6 December 1995, resolved that the synfuels protection floor-price be phased-down to R16.05/BL by July 1999 based on the Arthur Andersen report recommendations.

SA goods under-involving flight of capital

*15 Mr M F CASSIM asked the Minister of Finance

(1) Whether his Department has compared reported South African export figures with the reported figures relating to imports of South African goods and/or services by South Africa's major trading partners with a view to detecting under-invoicing and/or the flight of capital, if not, why not, if so, what are the relevant details,

(2) whether he will make a statement on the matter? N1575E

The MINISTER OF FINANCE

(1) No. The export figures of South Africa are not comparable with the import figures of its trading partners, for the following reasons:

- Some of our major trading partners use different national subdivisions of the International Trade Headings of the Harmonized Commodity Description and Coding System of the World Customs Organisation.
- South Africa's exports are recorded at free on board (FOB) values whereas most of our trading partners use cost, insurance and freight (CIF) values for Customs duty purposes.
- Fluctuating exchange rates and timing differences make it difficult to compare export values in one country with import values in another.
- Statistics are not published per exporter or importer in the importing country. Only totals per country per tariff sub-heading are published.
- Goods produced in the member countries of the SA Customs Union (SACU) move freely across in terms of the Agreement and complicate the comparison of trade statistics with other countries.

(2) No statement will be made.

Slimes dumping at mines dump 210

*16 Mr D M BAKKER asked the Minister of Minerals and Energy

(1) Whether his Department has given certain companies its approval to continue with slimes dumping at mines dumps bordering Fleurhof, Mmamoholo and/or Meadowlands, if not, what is the position in this regard, if so (a) for what reasons and (b) who was consulted in this regard.

(2) whether he will make a statement on the matter? N1576E

The MINISTER OF MINERALS AND ENERGY

(1) The Director Mineral Development (Gauteng Region) of the Department of Minerals and Energy granted Mining Licence No ML 796 to Consolidated Main Reef Mines and Estate Limited (CMR) on 22 November 1996. Said licence covers the rehabilitation of several mine residue disposal sites as well as the recommendation of the CMR tailings dam complex for the disposal of mine residues emanating from the reclamation process. Actual reclamation of the tailings dams and sand dunes concerned and the recommendation of the CMR tailings dam complex was, however, made subject to the approval of Environmental Management Programmes (EMPs) in respect of each site. The EMP for the recommendation of the CMR tailings dam complex was approved on 16 May 1997 by the said Director. Subject to compliance with certain suspensive conditions CMR now has the right to commence with the deposition of mine tailings. A joint appeal by the Gauteng Department of Agriculture, Conservation and Environment and the Western Local Council, and an appeal by the Fleurhof Cove Association were made to the Director-General Minerals and Energy to reverse the approval of the EMP. These appeals are currently under consideration. Such appeals are first lodged with the said Director-General and if his decision is unacceptable to the aggrieved parties that parties have the right to lodge an appeal to the

Reasons for approval of the EMP

(a) In deciding on the approval or not of the relevant EMP the said Director based his decision on a careful consideration of the positive and negative environmental economic and other impacts which would directly and indirectly be caused by the recommissioning of the tailings dam complex.

The major considerations in favour of the recommissioning were the following:

- Mine tailings disposal sites in and around Johannesburg are major sources of water and air pollution and they occupy valuable land in prime development areas in and around the city.
- Reclamation of these disposal sites removes diffuse sources of dust and water pollution which impacts on a wide geographic area and consolidates these in a single managed disposal site such as the CMR complex. Although dust and water pollution will undoubtedly emanate from the CMR complex, the impact will be substantially less than that cumulatively caused by sand dumps and tailings within the city area.
- In as far as the reclamation of residual disposal sites is dependent on the availability of sufficient, accessible disposal space for the resultant mining residues, allowing the recommissioning of the CMR tailings dam complex allows the applicant to continue its operations for a further 10 years and will result in the clearing of up to a further 1000 hectares of land within 10 kilometres of the Johannesburg CBD. The clearing of this land not only makes much needed residential, industrial and commercial land available for development but also creates numerous job opportunities which may result from the development of such land. According to CMR, the continued employment of 650 people is furthermore dependent on the recommissioning of the CMR complex.
- The financial/fiscal factors that were taken in consideration is that premature closure of the applicants reclamation activities due to a lack of disposal space will result in an estimated loss of foreign exchange of R2 billion calculated at R200 million/annum in gold sales over ten years, the loss of approximately R180 -
million in costs spent by CMR in the local economy per annum and the further, estimated loss of R50 million per annum in assessment rates to local authorities due to the non-development of 1 000 hectares of land.

The major considerations against recommissioning were the following:

- The Fleurhof residential township was developed in close proximity to the tailings dam complex in the period when the complex was dormant. The Department is now faced with the extremely undesirable situation of residential units within a distance of 100 meters from the toe of the existing tailings dams. In these circumstances the safety of residents of the township in the event of tailings dam failure is obviously the single most important factor against the recommissioning of the complex.

- The possibility that the recommissioned tailings dam complex would raise levels of responsible and nuisance dust in the area and the possibility of an increase in related health impacts.

- The possibility of a decrease in property values in the Fleurhof township due to the proximity of an operating tailings dam.

- The possibility of an increase in levels of radon gas and radonucleides in dust in the area surrounding the complex.

- The expected increase in levels of ground water pollution and the possibility of surface water pollution.

In deciding on the approval of the EMP the said Director had to consider whether the environmental management measures proposed in the EMP the design of the tailings dam and the management Code of Practice for the operation of the dam was such that it would sufficiently safeguard the safety of residents in areas surrounding the tailings dam complex and would sufficiently mitigate and manage negative environmental impacts to avoid a deteriation of the affected environments.

Prior to making its decision on the approval of the EMP the said Director consulted with numerous interested and affected parties regarding the adequacy of the EMP and the technical design of the recommissioned tailings dam complex. After careful consideration of the submissions by these interested and affected parties, the said Director came to the conclusion that the design of the tailings dam, the provisions of the EMP and the management measures proposed in the Code of Practice, all as supplemented by the conditions determined by the said Director, will be sufficient to safeguard the safety of affected communities and will not result in a deterioration of the health and aesthetic aspects of their living environment. The said Director also took cognizance of the positive environmental impacts that would result from the reclamiation of tailings dams in and around the city.

Therefore, in as far as the said Director is of the considered opinion that the recommissioning of the CMR tailings dam complex will not adversely affect surrounding communities and that it will indirectly have a major positive environmental impact on the Greater Johannesburg environment, it was decided to approve the EMP.

One of the major objections raised by interested and affected parties relate to the consideration of alternative sites for the disposal of tailings generated by the reclamation process. The applicant was instructed to investigate alternative disposal sites and convinced the said Director that, due to the prohibitive cost of constructing a new disposal site further away from the city, the use of the existing CMR tailings dam complex is the only alternative to ensure the financial viability of the reclamation project CMR, furthermore, holds the mining rights over the CMR site and is authorised in terms of several surface right permits, which confer real rights, to utilise the land for tailings disposal. It was also taken into consideration that the use of an alternative site, away from the city, will cause the environmental degradation of a, as yet, undisturbed area of land. Utilising the CMR site, therefore, indirectly limits the impact on the environment in the Greater Johannesburg area.

(b) Interested and affected parties consulted prior approval of the EMP

The following interested and affected parties were consulted:

1. Western Local Council
2. Gauteng Department of Agriculture, Conservation and Environment
3. Council for Nuclear Safety
4. Greater Johannesburg Transitional Metropolitan Council
5. Fleurhof Civic Association
6. Department of Water Affairs and Forestry
7. The Council for Geoscience
8. Mintek
9. Grace College
10. CSIR Mining Technology
11. National Union of Mineworkers

As a result of various public meetings and press exposure, comments and recommendations were also received from Earthlife Africa and from the Administrative and Technical Association of South Africa.

(2) No

Recruitment of geologists

*17 Mr M F CASSIM asked the Minister of Education:

Whether, in view of the shortage of geologists in the Republic, he or his Department intends taking any steps aimed at identifying promising children at an early age and equipping them with the necessary theoretical and practical skills to enable them to study the geosciences at tertiary level, if not, why not, if so, what steps?

The MINISTER OF EDUCATION

Firstly, your question focused on a particular profession. The claimed shortage of geologists needs to be confirmed by relevant and valid statistics.

The new approach to education and training is a holistic and integrated one. Curriculum 2005 is underpinned by generic and cross-curricular outcomes to enable learners, inter alia:

- to become critical and creative thinkers,
- to work effectively with others in a team,
- to collect, analyse and critically evaluate information,
- to solve problems,
- to use science and technology effectively, etc.

We therefore focus on the holistic development of learners and enable them to further follow specific careers of their choice.

The area you have mentioned is catered for by two learning areas, namely Human and Social Sciences as well as in the Natural Sciences.

The Human and Social Sciences comprise the study of relationships between people and their environment. These interactions are contextualised in space, time and have social, political, economic, environmental and spiritual dimensions. They develop distinctive skills and a critical awareness of social and environmental patterns, processes and events based on appropriate investigations and reflections within and across related focuses.

In the Natural Sciences the development of appropriate skills, knowledge and attitudes and an understanding of the principles and processes of the Natural Sciences forms part of the rationale for the learning area. The investigative character of knowledge acquisition in the Natural Sciences is mirrored in our education.

It is therefore concluded that our new approach caters for a wider variety of career and professional choices, ensuring opportunities for learners to function at the maximum of their potential.

In the meanwhile, we have initiated specific programmes, such as the Students and Youth into Science, Technology Engineering and Mathematics (SYSTEM) to increase the pool of school graduates with Mathematics and Physical Sciences, and to increase the number of qualified Mathematics and Physical Sciences teachers. We believe that these measures will increase the retention and success rates of learners who take up Mathematics and the Physical Sciences both in school and in higher education.

Health Systems Trust: research

*18 Mrs P W CUPIDO asked the Minister of Health:

Whether the Health Systems Trust has done any research for her Department, if not, what is the position in this regard, if so, what are the relevant details?

N1578E
Maduna set to challenge mines

THE government is heading for a clash with the mining industry over the ownership of the country's mineral wealth after Mineral and Energy Affairs Minister Penell Maduna expressed concern about white ownership of private mineral rights.

Maduna, who has been sitting on a green paper on mineral policy since he took office last year, indicated policy was being redrafted to correct past injustices, his acting director-general Dick Bakker said.

In a speech to the Institute of Quarrying's midyear conference in Olifantsfontein, released by the department this week, Bakker said ownership of mineral rights in SA — as with land ownership — had always been a controversial issue.

"There is no doubt that the current private (white) ownership of mineral rights excludes the (black) majority from entering the industry".

On criticism about the lack of progress in the department's mineral policy, Bakker said: "After studying the green paper, the minister is uneasy about major aspects relating to ownership of mineral rights."

The government believed and demanded that the injustice of the past ought to be dealt with.

Maduna was not convinced that the issue of mineral rights had to be left to so-called normal commercial transactions, Bakker said.

The current dual system of mineral rights generally limited equal and equitable access to mineral rights and resources.

"Mining houses often held the rights to small deposits that they did not wish to exploit and to large resources which they wanted to mine a few decades down the line. This served to bar junior companies and small-scale miners from entering the industry," he said.

Limited access to mineral rights was also a deterrent to potential foreign investors.

Private mineral rights ownership stigmatised large areas because there was no obligation to explore or exploit the rights.

Private mineral rights ownership was an exception rather than a general rule in other countries. Ideally, SA should fall in line with the worldwide trend, Bakker said.

Two task teams had been established, one to look into possible solutions around minerals rights issues, the other to examine ways to accommodate small miners.

Investigations were also being conducted on the feasibility of imposing a mineral rights tax which might make it less lucrative to keep mineral rights permanently.

Another possibility was to impose an obligation to perform an annual minimum work on mineral deposits or to have an annual minimum investment to operate mineral deposits held in terms of mineral rights.

Bakker said — Sapa
Miners are doing it for themselves

Kuyasa is a thriving example of black entrepreneurs entering the white-dominated mining industry, writes Sechaba ka'Nkosi

A yanda Bam, the executive chair of Kuyasa Mining Company, does not mince his words about his aim in business — to make as much money as possible. But beyond that, Bam sees his role as creating more black entrepreneurs rather than creating jobs for black people.

"Black people have to grow out of the thinking that they can only make a living by working for other people. They have to understand that they have the means themselves. We need to create an environment that will be conducive to blacks joining the industry as owners and not employees," says Bam.

It is perhaps this conviction that saw Bam, together with two fellow directors — Joseph Ndaba in charge of finance and Thabo Sibeko, operations director — plotting their entry into the mining industry from a small Mpumalanga town of Delmas. In 1995 the three had started consulting numerous mining houses, government departments and financial institutions. The mission was to acquire rights to buy smaller coal deposits, mine and process them and then sell the ultimate product to customers.

In November, a deal was eventu-

ally sealed with Ingwe Collieries transferring mineral rights to Kuyasa at no pre-paid price. Basil Read was contracted to mine and deliver the coal produced to Ingwe's Delmas Colliery, which had agreed to buy the coal produced. And in April, the dream came true when Bam and his colleagues moved in with machines to start a production plant at Ikwenz Colliery in Delmas.

"We are a strange company that started with no money, no deposits and nothing except our expertise and experience, but today we are well over R10 million and we are hitting higher production levels sooner than we thought. We are here to stay and only a major disaster will take us out of business," notes Bam.

Coal mining is not new territory for Kuyasa and its directors. They all held senior positions at Ingwe mines prior to establishing their company. Even executive assistant Wendy Gobey comes from the same background. The only exception is Chris Shawe, who doubles up as messenger and clerk. At the moment the company's Ikwenz site consists of two deposits of bituminous coal with total reserves of 10-million tons. The coal will be mined at a rate of one-million tons a year so that the lifespan can be a guarantee for 10 years. The colliery is a pilot project, which Bam says has to be consolidated while they explore other ventures.

Bam says he has the best staff complement to oversee this and other potential projects. He says their duty is to manage, interact with clients and ensure that the quality of the product meets the required standards.

"I really don't understand why I have to employ a full-time mining engineer when he will just do two days worth of work for the whole month," says Bam. "If we need their expertise we hire them for as long as they are needed. In that way we become more focused and save as much as we possibly can."

While Bam identifies and evaluates potential projects, operations director Sibeko is responsible for health and safety, sets operational systems in place and most importantly, ensures that they do not cause hazards to the environment.

Sibeko is based at Ikwenz to ensure that all requirements are met. He argues that with the extraction of about 75 000t of coal a month, significant environmental dangers have to be addressed.

"The rivers that surround our mine are not only for Kuyasa. Local communities and animals also depend on them to survive. So whatever we do has to be informed by these realities. I wouldn't say the environment is 100% safe with us, but we always try our best," says Sibeko.

Teambuilding is key to Kuyasa's development. The company has joined the Chamber of Mines. Bam says they are not there just to be mere members but to introduce new ideas as well.

"There are a lot of things the chamber does not understand about black people's interests in the industry. Issues such as what mineral rights mean to us. We hope our contribution will create new understanding between established miners and up and coming black entrants."

Bam attributes his success to his father. He says he always had faith in him. "He sent me to study computer science in Lesotho when South African students who studied there were suspected of ties with the liberation movement. He told me I would survive and, indeed, I came back a better person."
Sasol’s mining plans slammed

Johannesburg — Sasol’s submission of a report on a proposed strip mining operation on the Vaal River has been slammed by environmentalists and members of the Sasolburg community, a property owners’ group has said.

Save the Vaal Environment (Save) has claimed Sasol and Walmsley Environmental Consultants “The period during which property prices may be affected has effectively been reduced,” he said.

Save has challenged the department’s granting of a Minerals Act section 9 mining permit by seeking a high court reprieve.

The department will now decide in terms of section 38.

Sasol has said the final version of the report included comments raised after the draft report released in February.

Alfonso Niemand, Sasol’s communications manager, said further design improvements had been suggested in the final report, including reducing the construction period of the screening berm from nine to five years.

The reduction was significant because the construction period was when mining operations were most exposed to surrounding communities, said Andrew Duthe, the project leader at Walmsley Environmental Consultants.

The proposed strip mine is situated at the Free State side of the Vaal River opposite Millionaire’s Row.

Save, which was established to fight the proposed mining operation, is concerned it will destroy the Rietvlei wetland, which supports about 15 rare and endangered species.

However, the report failed to list the wetland area or support water quality.
Ensuring the community is left better off
SA’s mineral projects are worth R30bn

Hiary Joffe 031197

SA’s minerals industry has projects worth about R30bn in capital expenditure on the go, with gold and processed minerals the largest beneficiaries of the investment revival which has been under way in the sector for the past couple of years.

Minerals Bureau director Thibedi Ramontja said the figure represented current approved projects, but a further R51bn of mineral-related projects was possible in the next few years.

The industry’s export earnings could rise to $18bn by 2002 from just more than $14bn last year. Much of the growth would come from processed minerals, which were becoming increasingly important in the sector, he said.

The bureau’s figures show processed minerals projects account for R12,6bn of project spending compared to R17bn on primary minerals. Of this, R2,8bn is being spent on gold mining developments such as Anglo American’s R2,8bn Morab shaft at the new Eastonvale mine, Phase I of JCI’s R2,7bn South Deep Coal projects account for a further R2,9bn and platinum for R1,8bn.

Of the possible projects, almost R33bn’s worth is in processed minerals, including ventures such as Billiton’s proposed Eastern Cape zinc smelter. The bureau calculates up to R12bn could be invested in gold mining if projects such as AngloGold’s Western Ultra-Deeps mines and the second phase of Avgold’s Target development should go ahead.

Ramontja said the sector’s export revenues had effectively been static in dollar terms over the past decade, with primary minerals earnings declining 0.7% annually. New projects would boost revenues.

Mineral and Energy Affairs Minister Penuel Maduna challenged the mining industry to create opportunities for black management and equity participation. Government would partner the industry in implementing the “paradigm shift” it must undergo.
Chamber ‘must adapt’

(210) B0 511197

David McKay

THE Chamber of Mines, which had represented the SA mining industry for more than a century, had to adapt to fresh changes caused by industry restructuring, outgoing president Nick Segal said yesterday.

Speaking at the chamber’s 107th annual general meeting, Segal said the organisation faced a “dilemma” of representing a growing number of mining companies while retaining effective decision-making structures.

Corporate restructuring in SA’s mining industry involved breaking up multimmodity groups into smaller companies, he said.

“These smaller companies were typically focused on a single commodity or on a set of closely related commodities. It is no longer possible for there to be only one representative in the chamber of the resulting entities,” Segal said.

“But the chamber’s top decision structures will cease to function well if they are so enlarged as to accommodate all the increased numbers. How this dilemma will be resolved will be crucial to the institution’s continuing viability and effectiveness,” Segal said.

The chamber’s membership has blossomed recently with diamond producer De Beers and steel manufacturer Iscor joining its ranks last year.

Segal said corporate restructuring was one of the key changes in the industry. Linked to this was an increase in company mergers and joint ventures as well as deals and swaps of mineral rights, aimed at increasing efficiencies and achieving recognition in international capital markets.

At the same time, the industry was also attempting to work “smarter and safer”, which saw companies helping employees to take more responsibility.

Segal also mentioned the first wage-productivity deal which was signed between labour and employees this year.

Sapa reports that Mineral and Energy Minister Penuel Maduna urged SA mining houses to support government’s growth, economic and redistribution strategy and the reconstruction and development programme.
JCI duo face grilling over string of deals

David McKay

Mzi Khumalo and Brett Kebble, who are due to end their vexed partnership at a JCI board meeting tomorrow, will face a grilling by the mining group's directors over a string of business deals which, some directors say, made a mockery of corporate governance procedures.

The JCI chairman and executive director are to propose going their separate ways. They are planning an arrangement which un-bundles JCI and which, as a result, would appear to undermine the original intention that the group be an effective black empowerment vehicle. Kebble's ambition is to take the gold assets, leaving Khumalo with the base metals and coal.

This plan appears to chime with Lonrho's latest ambitions. According to UK Sunday press reports, the British conglomerate has made an informal £450m takeover approach to Khumalo.

However, JCI directors may be unsympathetic to the unbundling. Their first priority is to seek an explanation for JCI's recent share price dive amid deteriorating confidence in the strategic direction of the group and amid board concerns that Khumalo and Kebble have been operating as though they had few responsibilities to shareholders other than themselves.

The expected split between Kebble and Khumalo follows a series of troubled business deals in which the two have followed their own agendas to the detriment of sound corporate governance, according to directors and company insiders.

Some non-executive directors, who declined to give details ahead of tomorrow's meeting, believed corporate governance procedures had been abused.

They are determined to resolve the matter before they become further embroiled as Kebble and Khumalo strive to extricate themselves from the group's difficulties.

Former JCI directors, including corporate affairs director Nick Segal, apparently left the group as the board had not been consulted collectively on JCI's strategy in respect of Lonrho, one source said. There was also a lack of clarity on Kebble and Khumalo's business links outside JCI.

The dearth of consultation over JCI's important business deals culminated in last week's disclosure that Khumalo, without board approval or discussion, authorised a R550m investment in Southern Mining Corporation, a company with an unproven mining record. He will attempt to justify the decision at tomorrow's board meeting.

JCI's decision to buy Anglo American's 26% stake in Lonrho earlier this year was not preceded by a discussion at a formal board meeting.

One director complained of "round-robin" consultation, where directors were courted over particular decisions but never collectively discussed issues. For his part, Kebble had JCI spend about R300m to buy shares in Beatrix gold mine, without Khumalo's knowledge, at an early October price of more than R20 a share. He had hoped to use them in his plans to merge HJ Joel mine with Beatrix. Beatrix's share price is now around R14.

Kebble's plans were foiled by Khumalo's decision to cut JCI's exposure to gold, exchanging the group's best gold assets, Western Areas and HJ Joel, for Anglo America's 26% in Lonrho. This move, while increasing JCI's chances of gaining a chunk of Lonrho, shattered the confidence of analysts, investors and employees.

Janet Parker reports that recent media reports on Kebble and Khumalo's imminent separation have been verified by Khumalo's spokesman. However, she said Khumalo did not wish to comment before the board meeting. A number of issues outlined in the report would be raised at the meeting. Khumalo would make "major" statements thereafter, she said.

Kebble avoided questions yesterday.

In terms of plans Kebble and Khumalo will disclose tomorrow, Kebble wants to put JCI's gold assets into a separate vehicle, possibly Randfontein, which he would control. This has been agreed by a former agreement in which Randfontein will manage small gold operation Lindum Reefs.

Khumalo, meanwhile, would continue to control the base metal and coal assets of JCI, which could be the subject of a takeover by UK conglomerate Lonrho at a later stage.

JCI executives confirmed that the group was to map out its strategy at the board meeting. "It would be inappropriate to comment on the agenda prior to the meeting," one said.
MINING  Hostile board demands more accountability but agrees to unbundling gold mines

JCI backs out of SMC deal

ANDI SPICER  MINING AND RESOURCES EDITOR

Johannesburg — A hostile board meeting yesterday resulted in JCI, South Africa's first black-owned mining group, withdrawing from its R503 million investment for 20 percent of titanium producer Southern Mining (SMC), announced a few weeks ago.

"The board has determined that a considerable amount of information would still be required before the acquisition of an interest in the company could be considered," Mzi Khumalo, JCI's executive chairman, said yesterday.

He confirmed that Randfontein Estates and Lindum Reefs, the remaining JCI gold mines, would be unbundled into a new mining company separate from the mining house, so that they would not "contaminate" the non-gold assets. They would be under the control of Brett Kebble, the head of the gold division and Khumalo's business partner.

The hostile bid from Lonrho, the British mining conglomerate, was also confirmed, although Khumalo described it as a "merger" and said "JCI has received an approach and discussions are under way in earnest."

Khumalo and Kebble denied that a deep rift had opened between them, and stressed that their business relationship was "still in place, but would be ultimately affected by the de-merger of the gold assets."

"What Brett and I differ on, even though we are still friends, is that I am not so bullish on gold. I want to reduce JCI's exposure to gold."

Many analysts expected the meeting to be difficult for Khumalo, who was criticized for making decisions independently from the board. "It has been resolved to increase the frequency and number of board meetings and to call special board meetings to attend to extraordinary issues," he said.

JCI's acquisition of a large number of Beatrix shares was also "condoned" by the board. Kebble said the shares would not form part of the new company, and he was looking at a "substantial offer" for them.

Still Friends? Brett Kebble, the head of JCI's gold division, left, and Mzi Khumalo, the executive chairman, said yesterday their business relationship held strong despite their differences on gold.

PHOTOS: IKOSIA YOUNG

Structural split puts 20 000 mining jobs at risk

JOHANNESBURG — The jobs of about 20 000 of the remaining 28 000 JCI mineworkers allied to the National Union of Mineworkers (NUM) might be in danger as a result of the separation of the company's holdings into gold and base metal assets, the mining house said yesterday.

The workforce stood at about 33 000 when Mzi Khumalo took over JCI in March as its executive chairman.

JCI's board yesterday approved the deal in terms of which JCI would acquire Anglo American's 36.1 percent of Lonrho, the UK conglomerate, in return for giving JCI's interests in the Western Areas and HJ Noël gold mines to Anglo.

Khumalo said the workers at the two gold mines would have to "move over" to the new vehicle. "We can't keep them, as we haven't any more gold mines to run," he said.

A NUM spokesman said the union would meet today to discuss the issue — Frank Nxumalo
MINING - GENERAL

1998
Accord people their mineral rights - NUM

By Abdul Milazi

THE LONG-AWAITED Green Paper on Minerals and Mining Policy to be issued today should not only consider stones and water but also the communities affected by mining.

This is the expectation of the National Union of Mineworkers (NUM) who last year called for the nationalisation of the mining industry so that indigenous people living around mining areas could benefit.

According to government insiders, the Green Paper deals with the governance of precious metals, facilitating for the participation of all stakeholders, environmental policy, business development and human resources.

NUM spokesman Ben Molapo said the question of ownership of mineral rights was still a thorny issue, especially when it came to black people living in mining areas.

Molapo said the Green Paper was not widely canvassed "We know that the Chamber of Mines has made a lot of input to it, but the labour movement has not been involved."

The launch comes a week before the NUM's planned gold summit on February 26 and February 27 where the state of the mining industry will come under the microscope.

The summit will, among other things, look at the possibility of South Africa establishing a secondary industry for precious metals such as gold and diamonds.

"The mining industry in South Africa has always focused on exporting raw material at a shortcoming which has been the country drained of its mineral resources without getting much out of it," said Molapo.
State may own mineral rights

By Abdul Milazi

MINERAL and Energy Affairs Minister Penuel Maduna played his trump card when he launched his Green Paper on Minerals and Mining Policy yesterday which suggests giving the state total control of all mining rights.

The document proposes that the state be granted ownership of all mineral rights in the country and hopefully put an end to the fight between trade unions, black communities and mining houses over the ownership of mineral resources.

A tax, still to be decided by the Department of Finance, is also proposed on private mining areas which are currently not being used to prevent the hoarding of wealth by companies and individuals who purchased mineral-rich land during the apartheid era.

Addressing a press conference in Pretoria, Maduna said: "In today's highly competitive world, a minerals policy should strive to find the ideal blending of interests between private enterprises and the state to enable the industry to adapt swiftly to changing conditions in world mineral markets." He also argued that the wealth-creation potential of South Africa's extensive and diversified mineral resources was indispensable for the reconstruction and development of the country.

"The minerals and mining policy must therefore be aimed at developing the country's mineral wealth to its full sustainable potential and to the maximum benefit of the entire population. This should be done in accordance with the Growth, Employment and Redistribution (Gear) and Reconstruction and Development Programme," said Maduna.

Nationalisation

The National Union of Mineworkers (NUM) last year called for the nationalisation of the mining industry so that indigenous people living around mining areas should benefit from the industry.

The Green Paper's approach in seeking to vest all mineral rights in the state comes short of nationalisation, but maintains some degree of entrepreneurial freedom. Blacks and small-scale farmers will also get easy access to the industry which has been the domain of conglomerates such as Anglo American and Gold Fields.

In addressing past inequities, the Green Paper proposes that the Government should facilitate access to opportunities in the mining industry to those previously excluded, including helping such individuals or groups with skills and resources to enable them to compete effectively.

The Paper also proposes the establishment of secondary and tertiary mineral-based industries aimed at adding maximum value to raw materials.

The NUM will be discussing the same thing at its gold summit on February 26 and February 27, as it believes that South Africa does not get much value out of its mineral resources by exporting raw minerals.
Nationalse Mineral Rights

Miners will have to give notice of downsizing

Government calls likely to meet widespread opposition from industry leaders

GREAT EXPECTATIONS

Minister of Energy

MINING

JOHN KARUMBA
State mineral rights proposal

Pretoria - All mineral rights should, in the long term, be vested in the state, says a green paper on a new minerals and mining policy.

It also proposes that a tax on mineral rights be investigated to discourage non-use of privately-owned mineral rights.

Launching the document yesterday, Minerals and Energy Minister Penuel Maduna said there was evidence that it would be to the benefit of all South Africans to vest minerals rights in the state.

He said there was a “deep-seated element of racism” in the way mineral rights were distributed in the past.

Although there were constitutional restraints on changing the current dispensation, a continued system of dual state and private ownership was unacceptable.

The green paper proposes that the Government take transfer of mineral rights where the holder of such rights cannot be readily traced or if they are still registered in the name of a dead person - Sapa.
Green paper on minerals rights launched.

The government has launched a green paper on minerals rights, which seeks to draw attention to the need for a more coherent and effective policy framework for minerals development. The paper highlights the challenges faced by the sector, including issues related to land rights, environmental protection, and community engagement.

The green paper proposes a new approach to minerals development, which aims to strike a balance between economic interests and social and environmental responsibilities. It calls for a more inclusive and participatory process, involving stakeholders from all sectors, to ensure that the benefits of mineral extraction are shared fairly and equitably.

The paper also addresses the issue of securing tenure rights for communities, landowners, and other affected parties. It proposes a framework for resolving conflicts and disputes arising from minerals development, ensuring that the rights of all parties are respected and protected.

The government welcomes feedback and comments on the green paper, which will be considered in the development of future policies and regulations. Public consultations are planned to facilitate dialogue and engagement with stakeholders.

Loudy Cook
Use or lose mineral rights, mining houses told

David McKay

CAPE TOWN — Mineral and Energy Affairs Minister Penwell Maduna issued the SA mining industry a stern warning yesterday, telling them to use or lose their mineral rights.

Commenting on the minerals and energy green paper released for public scrutiny this week, Maduna told an international mining conference that government aimed to stop SA mining firms hoarding mineral rights.

Maduna said blacks were not yet part of mining ownership and that it was up to the private sector to co-operate with government in making the dual ownership of mineral rights by private and public sectors more productive.

Mining companies would also, in terms of recommendations in the green paper, be obliged to instruct government if more than a fifth of any company’s labour would be retrenched.

Other aims were the development of small-scale mining, extending opportunities to previously disadvantaged groups and to create a macroeconomic policy reconciled with the growth, employment and redistribution strategy.

Analysts attending the conference said the green paper threw up some interesting possibilities. However, BoE NatWest’s Barry Sergeant said it would be wrong to nationalise mineral rights.

A system allowing ownership of mineral rights to lapse if they were not used should be adopted by government.

Louise Cook reports.

Political parties generally declined to comment on the green paper, saying they had not had access to the document yet.

However, National Party spokesman Maans Nel said on the face of it, the party welcomed proposals to enhance a wider spread of ownership in the industry.

Cape Town’s Legal Resources Centre welcomed the green paper.

The Chamber of Mines said that it needed time to study the document.

Renewed foreign interest: Page 17
Black to get slice of mining era that will open doors for many

Green paper marks beginning of an

By Paul McKey
NUM rejects Maduna’s reform of migrant labour

Johannesburg — The National Union of Mineworkers (NUM) differed sharply yesterday with proposals to reform the migrant labour system, which the minerals and energy affairs department published in its green paper on mineral rights.

“That system must not be reformed, but totally rooted out,” said George Molebatsi, the NUM national spokesman. “Compound life must come to an end. It’s a violation of human rights in terms of the constitution; people are being denied their right to family life and housing.”

He said the system that had given birth to compound life could no longer be tolerated.

The system perpetuated segregation, was highly disruptive of family life and generally destroyed the social fabric.

Molebatsi said the union was also concerned about the government’s expressed intentions regarding the state ownership of mineral rights.

Its admission that there might be “constitutional and practical limitations” in trying to implement them could be interpreted as meaning the “government won’t enforce such a policy.”

The union would be happy if the government was more vigorous in ensuring that mineral rights were “brought back to where they belonged.”

However, he said the NUM welcomed the government’s commitment to a Social Plan Act as a way of cushioning the social costs wrought by the downscaling of operations throughout the mining industry.
Madura's Reshaping Ideas may be hostage to market forces
Government's mining policy defended

**Lynda Loxtom**

Cape Town — Jan Bredell, the deputy director-general of mineral and energy affairs, yesterday rejected fears that the government's new mineral rights policy could affect prices because of over-mining.

He told the parliamentary portfolio committee on mineral and energy affairs that the minerals green paper made provision for a retention licence that would allow mines to retain their mineral rights even if they were not exploiting them because of weak market conditions. They would have to have a long-term plan on how to exploit the rights when supply and demand conditions were more favourable.

"That will certainly be taken into account and, if found acceptable, a retention licence will be granted," Bredell said.

If there were no long-term plans to exploit the mineral rights, they would be granted to other parties, who also would have to take supply and demand conditions into consideration and were unlikely to start mining if conditions were not favourable.

It was unfortunate that, "due to some media reports, the facts of the proposals have been distorted!"

He said, "What is proposed is quite a drastic deviation from the present system. The long-term objective of the state is to invest all mineral rights in the state. The more subtle proposal is that we say that, in the meantime, in order to improve access and to open up mineral rights, we are proposing to test the right to prospect and mine in the state.

"What is meant by that is that there is no change in ownership of mineral rights. If mineral rights are currently privately owned, they will remain privately owned but the state will now have the final say over to whom authorisation will be granted to either prospect or to mine.

"This will, we hope, overcome the problem of sterilisation of mineral rights and the concept of hoarding mineral rights, keeping out competition and new entrants.

"Any company that holds mineral rights and is serious in its intentions to develop these mineral rights has no fear that these rights will be granted to any other party because what we want to encourage is development and what we are trying to avoid is non-development."

In land restitution claims, communities and tribes would be able to exploit the minerals rights on their land. If they decided not to do so, their rights would be vested with the state and they would receive royalties from whoever applied to use them.
Chamber seeks meeting on mineral rights

David McKay

THE Chamber of Mines is seeking an urgent meeting with Minerals and Energy Minister Penuell Maduna to discuss its concerns about the green paper on minerals and mining policy.

Chamber president Bobby Godsell said at the weekend the chamber had "grave concerns and profound reservations about some of the proposals".

The policy paper proposed that all mineral rights in the long term be vested in the state, and that a tax on privately owned mineral rights be investigated. Analysts said what the green paper was suggesting was tantamount to nationalising mineral rights.

According to the constitution, compensation would have to be paid to the mining companies — although there was no guarantee in the green paper that this would be done.

Releasing the green paper last week, Maduna said there was overwhelming evidence that it would benefit all South Africans to vest minerals rights in the state.
Maduna to challenge PTA court's prospecting ruling

MINERAL and Energy Affairs Minister Penuell Maduna will challenge a high court interdict tomorrow that stopped him from granting diamond prospecting rights on a Northern Province farm to a local and international mining venture.

The interdict, awarded by Judge Du Plessis in the Pretoria High Court last month, bars the minister from granting a prospecting licence to local mining house Randgold Exploration Company and its Canadian partner, Southern Era Resources.

The judge ordered the ministry to make available all information it had on the farm and its mineral rights.

The ministry's deputy director-general, Dr Jan Bredell, on Friday said the department would contest the interdict at a court hearing tomorrow. Papers were submitted to the high court last Thursday, Bredell said.

"We took the matter to the state attorney who advised us to oppose the interdict, and we have compiled all the necessary documents and lodged them with the Pretoria High Court," he said. He would not disclose the reasons for the move, saying the matter was sub judice.

Mineral and Energy Affairs Minister Penuell Maduna.

Section 17 of the Minerals Act allows the minister to grant mineral rights to any interested party if the legal heirs to a property are not located after a two-year period.

The farm Marxfontein in the Zebedelela district was owned by four deceased persons.

Lawyers for the heirs to the property applied for the interdict, saying their clients became aware of their bequeathment in December 1997 when empowerment group Umnoonto we Sizwe offered them R40 million for the mineral rights to the farm.

The recent Green Paper on mineral and mining policy proposes to abolish dual ownership of mineral rights.

Bredell said: "Such problems are the reason why the ministry introduced the Green Paper, proposing all mineral rights to revert to the state. The current legislation frustrates mineral development and results in the sterilisation of mineral wealth."
Locals pay price for foreign mining

Soil is contaminated and profits lost to the community, writes Lewis Machipisa in Accra

accountability or responsibility

"Social impacts are the most abused. More often than not, communities are not involved during the baseline studies, nor do they have the capacity to conduct such studies independently," he added

"Consequently, the companies end up prescribing compensation and relocation schemes which usually do not take sufficient account of socio-cultural circumstances"

- - -

Afi Arhin, an industrial relations officer with the Ghana Mineworkers' Union in Tarkwa, western Ghana, agreed "What we are seeing is that the relationship between the communities and mining companies is going to be really nasty," he said "The mining companies are not doing anything to help people"

"They are retrenching people and taking away people's farms. We expect the mining companies to be indulging in activities that help the communities. As more workers get retrenched as a result of the poor gold price, the situation will turn ugly and government and the companies had better find ways of helping the communities," warned Arhin.

For Arhin, complaining to government is a waste of time because when "we mention these things, the government says we are scaring away investors."

In South Africa, the situation is similar.

"The government is being driven by the Chamber of Mines. The community is under pressure from the chamber and is being locked out," noted Matthews Hlabane of the South Africa Environment Monitoring Group.

"In some cases mining takes place within a 100m (of homes), blasting and all houses are cracking." South Africa, which has the world's largest gold reserves, has a Health and Safety Act, but, lamented Hlabane, it excludes the community "totally" - Sapa-IPS

indeed, so intense is the desire for foreign direct investment that African leaders have literally fallen over each other to create the incentives and establish the investor confidence necessary to attract FDI," Charles Abunge of the Third World Network told the meeting.

"There is a growing perception of collusion between the state and mining companies in a singular drive for investment...and that this collusion has little sensitivity to social and environmental
Energy budget takes 20.3% cut

Cape Town — The budget of the department of minerals and energy has been cut by 20.3 percent to R643.9 million in 1998-99 from R807.6 million in 1997-98, mainly because of a dramatic fall in Atomic Energy Corporation (AEC) loans falling due, a parliamentary committee heard yesterday.

Bertus Olivier, the deputy director of financial management in the department of mineral and energy affairs, told the portfolio committee on minerals and energy that AEC loans falling due had fallen to R48.5 million from R231.2 million.

"The figure might climb again next year," he cautioned.

Jan Bredell, a deputy director-general, said the department's priorities this year would be to speed up the development of minerals and the granting of prospecting and mining rights from the current two or more years to four months.

To this end, the amount set aside for mineral development had been increased from just over R40 million to R59.9 million.

The department would also increase the funds set aside to rehabilitate of mines from R5.4 million to R10.8 million, with the focus shifting from asbestos mines in the Northern Province to gold slune dumps in Gauteng and to coal mines in the Free State, KwaZulu Natal and Mpumalanga.

George Mnguni, a director of special programmes, said the department had undergone considerable restructuring in recent years, downscaling its number of staff from 1,669 in 1994 to 866 now. In the process, it had spent R12.8 million on voluntary severance packages. It had approved 50 applications, rejected 25 and was still considering three.

The amount set aside for promotion of mine safety and health has been increased from R51.1 million in 1997-98 to R58.7 million in 1998-99.

Dick Bakker, a deputy director-general, said the department hoped to be able to cut the fatal injury rate in mines by 30 percent over the next three years.

A major challenge would be to ensure that the new Mine Health and Safety Act, which went into effect in January this year, was adhered to and implemented throughout the industry.
Blast 'was to boost colonel’s image'

Stephané Bothma

PRETORIA — Two former security policemen with “experience” in dirty tricks had planned to blow up the official vehicle of Col Charles Landman in 1993 in an attempt to “enhance the image” of the former Brixton murder and robbery unit chief, the high court heard yesterday.

Retired policeman Charles Zeelie said he was approached by former Civil Co-operation Bureau (CCB) agent and policeman Calla Botha in June or July 1993 to assist with placing an explosive device under Landman’s police vehicle.

Landman had not yet been in charge of the Brixton unit but had headed the investigation into the Elzenhof murders in which a woman and her daughter were gunned down with AK-47 rifles. Landman had said in court he was receiving death threats because of the Elzenhof probe.

Zeele, an explosives expert, was called by the state to testify at the murder and fraud trial of former CCB operative Ferdi Barnard, who has pleaded not guilty to all 54 charges brought against him. “Calla asked me to help blow up Landman’s car. The intention was to discredit the Pan Africanist Congress and to boost Landman’s image and prove that Landman could not be intimidated by Apla, the PAC’s armed wing.”

Zeele had told Botha he would assist only if no one else was involved. When Zeele spotted Barnard and a former Brixton murderer and robbery detective in a second vehicle as he and Botha were on their way to attach a mini lamp to Landman’s vehicle, he got out of Botha’s car and went home. The next day, Zeele saw news reports claiming Landman’s vehicle had been blown up by Apla.

Through his counsel, Barnard yesterday denied any knowledge of the Landman car incident. The trial continues.

Chamber of Mines says policy would hurt industry

Linda Ensor

CAPE TOWN — The Chamber of Mines, De Beers Consolidated Mines and other mining conglomerates yesterday criticized the government’s proposal that mineral rights be vested in the state, saying the uncertainty this would create would jeopardize future investment in the industry.

They said the “previously flawed” proposals in the green paper on minerals and mining policy, which suggested the expropriation of mineral and prospecting rights from mining houses without compensation, violated the constitution’s property rights. Legal claims and counterclaims would create an extremely litigious mining sector, Parliament’s portfolio committee on mineral and energy affairs heard during a session on the green paper.

Chamber vice-president Nick Segal called on government to imitate a multilateral negotiation process on the issue of mineral rights to arrive at a consensus solution.

However, small mining groups, represented by the Africa United Small Mining Association, the Congress of South African Trade Unions and the National Union of Mineworkers, supported state ownership of mineral rights to open the industry to newcomers. The unions noted that “the current under-utilization of minerals, which is due largely to hoarding of mineral rights by the private sector, had a negative impact on investments in the industry”.

They called for the regulation of mining companies’ offshore investments; worker representation on companies’ boards; and the dissolution of mining monopolies.

Billiton, Amplita, Inywe Coal and Samancor, however, supported the chamber. Fears were raised that opening the industry and the “use it or lose it” approach to mineral rights would lead to overproduction and overexploitation of resources.
State mineral rights plan ignites differing views

LYNDA LOXTON
PARLIAMENTARY CORRESPONDENT

Cape Town — Sharply differing views on state plans to take over minerals rights emerged yesterday with mining houses being challenged to come up with positive proposals on how to end their monopoly of the industry if they thought this was the wrong approach.

Nick Segal, the vice-president of the Chamber of Mines, told the parliamentary portfolio committee on minerals and energy that moves by the state to take over mineral rights would be a violation of the security and continuity of tenure during prospecting and mining.

This would make prospective investors “very nervous” and could, in fact, be unconstitutional as it would amount to expropriation without an assurance of compensation. This could lead to a mine-field of litigation that would make South Africa even more unattractive to investors.

The green paper, in which the planned move was put forward, was also vague about the criteria for granting licences on merit and how and when the transition would be made.

Segal admitted that the need to ensure a greater balance in mineral rights ownership was an important political imperative but said that this had to be balanced by economic realities.

He had no simple solution to the problem but said he believed it should be dealt with intensive multilateral negotiations instead of unilateral action by the state.

Committee members said their basic dilemma was the need to ensure a wider ownership and exploitation of mineral rights and if the industry could provide concrete proof on what it was doing in this area, they could reach a better evaluation of the situation.

Several mining houses made presentations on the particular difficulties they faced in their sectors, and the problems that could be created if mineral rights were exploited willy-nilly, upsetting delicate market forces.

The “use it or lose it” approach could, for example, have a negative effect on the manganese and chrome industries.

The “use it or lose it” approach faced a static market and increased production could result in a damaging price war, while increasing the production of the latter would lead to an oversupply on world markets that could hurt South Africa’s alloy exports.

Mining houses also expressed concern about plans to extract royalties for mineral rights on allocated state land, such as that used by Inywe Coal, despite the fact that it had invested millions of rand in developing the reserves on the land.

Cosatu was adamant that mineral rights should be vested in the state, but believed the state was acting too timidly.

Oupa Bodihe, a researcher in Cosatu’s parliamentary office, told the committee that the green paper took a positive step by declaring that it was a long-term objective of the state for all mineral rights to vest in the state.

“It indicates that changes will be implemented incrementally but falls short of providing clear time-frames,” he said.
MINING Existing reserves prove cheaper as prices drop

Less to be spent on mineral searches

FROM BLOOMBERG

London — The world’s mining companies are expected to spend less this year on the search for metal and mineral deposits as a slide in prices makes it cheaper to buy known reserves.

With gold near an 18-year low and copper, tin, nickel and lead all at their lowest levels in more than three years, two of Canada’s largest mining companies, Barrick Gold and Placer Dome, have cut exploration budgets. More companies would follow, cutting exploration for the first time in five years, mining executives said.

“1997 was probably the peak of the exploration cycle,” said David Humphreys, the chief economist at London-based Rio Tinto, the world’s largest mining company. “I would expect a significant drop in industrywide. It could easily be 10-20 percent.”

Last year, global spending on exploration for nonferrous metals, which excludes bauxite, coal and iron ore, rose for the fourth straight year, surging 11 percent to $33.1 billion from $29.6 billion in 1996, according to HSBC, Nova Scotia-based Metals Economics Group. Just as output surged and prices fell in the years after increased exploration spending, smaller prospecting budgets eventually could lead to tighter supplies of metals and minerals

The smaller companies are going to have a hard time raising capital for exploration and development and that provides opportunities for major companies like us to capitalize on distress,” said Hugh Leggatt, a spokesman for Vancouver-based Placer, the world’s 9th-largest gold producer and also a copper producer.

Placer, which has reduced its exploration budget to about $50 million for this year from $180 million last year, set up a 25-member team in September to comb the world for potential acquisitions. The strategy was illustrated by an agreement last October to buy 51 percent of the Cerro Casale gold and copper site in northern Chile, which may contain Latin America’s largest undeveloped gold deposit, from Bema Gold and Arizona Star Resource, who will be its partners in the project.

Toronto-based Barrick, the world’s second-largest gold producer, was also more likely to spend money on joint ventures with exploration companies who had already discovered, though not developed, gold deposits, than on drilling in virgin territory, said Vincent Borg, the company spokesman.

Barrick, which has cut its exploration budget to about $70 million for this year from about $100 million the previous year, signed an agreement last week for a joint venture with Quest International Resources at a gold deposit in Nevada.

Investors say many of the larger mining companies may be holding back from big acquisitions amid concern metals prices could drop further and the quarter will get cheaper or collapse.

Among the casualties of the past year have been Reno, Nevada-based Pegasus Gold, which filed for Chapter 11 bankruptcy protection, and Canadian zinc and lead miner Anvil Range Mining, which operates North America’s third-largest zinc mine in the Yukon. Anvil has also filed for protection from creditors.

It is not only North American gold producers that are about to cut exploration budgets. “The lower base metals and gold prices mean we will be reviewing our exploration spending quite carefully,” said Nick von Schurndorf, the London-based vice-president of investor and corporate affairs for Minmaco, the international mining and natural resources arm of Anglo American.

The review will be part of a wider examination of all costs at the company.
Maduna appears to soften his stance on mineral rights

CAPE TOWN — The adoption of current proposals in the green paper on mineral and energy policy in SA was not necessarily a fait accompli, Minerals and Energy Minister Penuell Maduna said yesterday.

This comment came after industry criticism about Maduna's alleged miscalculation on the "use it or lose it" proposal in the green paper, which suggested that companies not using their mineral rights lose them to government — to distribute to other parties.

Maduna said at the International Bar Association's energy and resources law conference he did not want to anticipate the final outcome of SA's future mineral and energy policy.

However, it was clear that this should extend the opportunities within the sector beyond minority shareholders. "Something ought to be done to ensure that wealth and resources become more accessible... (and) the debate is not limited to the use of mineral rights."

Meanwhile, Energy Africa MD John Bentley said governments in Africa had "largely shown a keen desire to provide an attractive enabling environment for the industry and a legal framework which was robust enough to withstand abrupt changes of political power."

Bentley said: "The recent upheaval in both Congos has had less effect on exploration and oil production than the sort of interruption to be expected from routine equipment failures." "Moreover, incoming governments have honoured all the existing contractual relationships." "However, he said, "There is a growing desire by the region's people for greater participation in the ownership, direction and management of the industry... and here in SA black empowerment is a critical issue which all businesses must address. "Increasingly, innovative ways of providing entry to local capital and management skills must be found to sustain continued development of the hydrocarbon resources of the region."

Samantha Sharpe
Report suggests that AEC be split

Sharen Singh

A GOVERNMENT-appointed research team has recom- mendation that the Atomic Energy Corporation (AEC) be split into two separate entities: one that deals with regulatory and the other with commercial aspects.

Research funded by the National Nuclear Energy Authority, the AEC, and the USAID, the research team recommended that the AEC be split into two separate bodies: one that deals with regulatory and the other with commercial aspects.

The report, submitted to the Department of Energy, found that the current structure of the AEC is not adequate to deal with the challenges it faces.

The report recommended that the AEC be split into two separate bodies: one that deals with regulatory and the other with commercial aspects. The report also recommended that the AEC be moved to a new, more modern facility.

Zambian delegation focuses on potential investors in SA

John Dhludhlu

A ZAMBIAN delegation, led by Commerce and Industry Minister DtlweloDhludhlu, is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.

The delegation is targeting SA investors in the Lubumbashi trade fair. The Zambian delegation is promoting the country’s mining sector and the potential for investment.
Govt wants all mineral rights

Vuyo Mntuyedwa
Parliamentary Bureau

THE Department of Mineral and Energy Affairs wants the right to prospect for and mine all minerals to be vested in the state.

Mineral and Energy Affairs Minister Peneul Maduna said the government recognised the constitutional protection of mineral rights and the difficulty of changing the system, but did not accept the system of dual state and private ownership.

Maduna said during his budget speech in the National Assembly on Friday that security of tenure could be ensured by granting prospection and mining rights for specific periods and which can only be cancelled or revoked only if the terms and conditions of the rights were broken.

Maduna said the holders of a prospecting rights would be entitled to progress to mining rights if they complied with certain criteria and commitments.

He said measures would be introduced to discourage the unproductive holding of prospecting and mining rights and to ensure their retention where exploitation might not be economic or could disrupt markets.

The intention of the South African government eventually to have all mineral rights vested in the state stems not merely from a desire to change for the sake of change," he said.

Nor was it simply an attempt to bring South Africa in line with the international norm of state ownership, as was the case in most countries.

The sole purpose was to open up access to mineral rights to enable full exploitation of mineral wealth for the maximum benefit of all the people.

Carefully handled, the new approach will also give us an opportunity to deal creatively with the imbalance in the distribution of resources, opportunities, wealth and income in the mining industry.

Maduna said private ownership of mineral rights was one of the few cases where private enterprise did not work effectively.

"It serves to frustrate, rather than promote, development. Potential foreign investors (find) they are denied access to mineral rights owned by companies as well as individuals or families."

Similarly, many local small entrepreneurs were unable to participate in the exploitation of natural resources and the generation of wealth.
Johannesburg — Mineral resources were the “common heritage” of all South Africans, and bringing mineral rights back into state ownership would return these to their rightful owners, Fornell Maduna, the minerals and energy minister, said yesterday.

South Africa's system of private ownership of mineral rights was “out of step with the rest of the world,” said a speech written by Maduna but read by Zola Skweyiya, the minister for public services and administration, at the African Mining Summit.

The government is about to release a green paper on mineral rights that will propose the dual ownership regime be replaced, with ownership passing to the government.

Measures would be introduced to discourage the “unproductive holding of prospecting and mining rights, and all prospecting data and information will be submitted to the state unless the prospector retains an interest in prospecting or mining.”

The date would then be released to the public, he said.

“No single South African citizen or company can purport to have the exclusive right to own such rights other than the people of this country. The state is the most appropriate body to hold these rights for and on behalf of its people.”

As a transitional arrangement to open access to all mineral rights, it was proposed that the right to prospect and mine would vest in the state, Skweyiya said. “This means that the ownership of mineral rights, the decision of who should prospect and mine in a certain area, will be the sole prerogative of the state.”

The change in the minerals regime would be lawful under the constitution because it instructed the state to take legislative and other measures to open up access to South Africa's natural resources.

Maduna stressed that he was aware that the changes could bring disruption. However, he said it would not be done “overnight” but would be gradual and “well organised.”
Anglo quitting JSE after R58-bn merger

**Anglo correspondent**

Johannesburg - Mining giant Anglo American, which is in talks with its offshore arm, Minorco, to merge with its offshore arm, Minorco, is expected to announce today a R58-billion deal to merge with its offshore arm, Minorco, to move to London and list on the London Stock Exchange today as the company listed in London.

The company, which has been seeking a way to rationalize its operations and reduce costs, is considering a move to London as a way to raise capital and increase its visibility in the global market.

**From page 1**

London, just behind Rio Tinto, and be about 40th in the prestigious FTSE 100 index

Julian Ogilvie-Thompson, the present chairman of Anglo, will become the chairman of the new company.

Minorco's chief executive officer will become an executive director of Anglo American PLC.

The Anglo move comes after Bulton demerged from Gencor last year and moved to London.

Goldfields is also reported to be considering a move to London.

Old Mutual, the giant financial institution, and Sasol, the petrochemicals company, are similarly considering listing in London, although they would not be likely to move their headquarters to Britain.

South African companies are finding it increasingly difficult in Johannesburg to raise the money they need for expansion abroad.

They need to have a higher profile to compete with international giants based in Europe and the United States.

Anglo American shares fell by R13 on the Johannesburg Stock Exchange today as the company listed in London.

The shares opened at R184 from a close of R197 yesterday.

Bruce Williamson, an analyst at ING Barings Southern Africa, said the listing would not translate into randsa and cents for the South African economy, but would allow Anglo to compete against the best players in world markets.

"Because of exchange controls, our companies can't compete internationally," he said.

"Anglo can now continue to grow its business, and can look for exploration possibilities in other countries," he said.
Unions declare Anglo move as ‘unpatriotic’

Reneé Grawitzky

UNION federation Cosatu and the National Union of Mineworkers (NUM) have condemned as “unpatriotic” Anglo America’s decision to move its head office to London.

Both organisations said the move “demonstrates the total lack of patriotism of some SA companies,” NUM general secretary Gwede Mantashe said “moves like this will weaken the SA economy”

Cosatu threatened to launch a national campaign against Anglo and other corporations that were not prepared to commit themselves to the future of SA.

The federation said it “is now openly deserting the country by combining its operations with Minoro, its offshore wing used to bust sanctions and diminish during the peak of the apartheid years.”

Anglo’s decision came in the middle of the country’s worst unemployment crisis and flew in the face of the upcoming jobs summit, the federation said.

Mantashe said Anglo’s decision implied “a vote of no-confidence in the economy.” It was ironic that Anglo, which always professed to be an SA company, had taken a decision to have its primary listing on the London Stock Exchange. SA companies should take pride in building their operations in SA and developing programmes to boost the local economy.

The NUM said it was disappointed that Anglo had not raised this issue with union officials, as the work force was one of its key stakeholders.

The move follows the February gold mining summit, which was intended to manage the downsizing of the SA mining sector after mass retrenchments.

The NUM then called on all mining houses to reveal their investment plans, but this call was strongly resisted. Mantashe said the NUM wanted to be made aware of trends in capital investments so that a co-ordinated strategy could be developed to redirect jobs that were lost in declining divisions to divisions that were growing.

Restructuring will leave local analysts in the lurch

Samantha Enslin

BANKERS were probably rubbing their hands yesterday over the proposed restructuring of Anglo American, and its listing in London.

A host of expensive transactions are wanted to be brokered before Anglo can truly claim to have restructured and set up shop in the UK.

Analysts, however, were left crying into their whiskey glasses as they dwelled on the effect of Anglo’s move. Not only do they lose some important listings, but they also face being sidelined in favour of London analysts.

The restructuring’s effect on both is stark contrast.

One analyst said Anglo would become more difficult to analyse as “We have been buying for it (the restructuring), now we’ve got it,” he said ruefully.

The ferroalloys sector is a ghost of what it once was. Analysts have seen JCI’s Consolidated Metallurgical Industries taken out by Swiss company Sudelektra. The Swiss also took Chromecorp off the bourse. Now Simunor is to be de-listed. This is not to mention the coal sector. Billiton is selling out Inge; Gold Fields Coal is gone. Anglo will take out Amco.

The problem is that although they disappear from the bourse, analysts still have to analyse them. Scouring a private company for information is hard work, especially when you do not have the benefit of trading the share.

Stephen Briggs, a steel analyst at SG Frankel Pollak, said there was concern among certain analysts about the role they would play once Anglo’s re-structuring was concluded.

It was likely stockbroking companies’ research strategies would be rethought, he said.

Generally speaking, the market supports Anglo’s plans, with dealers saying it made good business sense. It would enable Anglo to access cheaper capital, operate in an exchange control-free environment and enhance its profile. However, the view that Anglo was deserting SA and the local bourse could not be avoided, and questions were bound to be asked about the company’s confidence in SA, dealers said.

JSE executive president Russell Louw said it was emotional to consider Anglo’s plans as a vote of no-confidence. “I don’t think it necessarily reflects badly on SA. It was a business decision, which is the way it should be. It is difficult to query the business sense of this move.”

While this was tantamount to admitting the JSE would never be on par with the London Stock Exchange, Anglo’s move strengthened Louw’s resolve to transform the JSE into a world class market. “For the past 21 months I have been saying we have to get our act together. Financial markets can migrate, that is what is happening now. The JSE will never be as big as London. Johannesburg will never be a financial centre, but the JSE will be a first class exchange,” Louw said.
Neocolonialist capitalism, or a good strategic business move?

Jem Jones

WHAT does Anglo American's decision to merge with Minoro and seek a primary stock exchange listing in London say for SA? Does it mark a new colonisation, with operations here controlled by a parent in the metropole? Does it imply perceptions that growth prospects here are limited? And does it imply that jobs here will be lost to foreigners?

Not really, not really and no.

The relocation of Anglo, and the earlier one of arch-competitor Bulton, to London make eminent sense. They imply more and cheaper funds available for investment in productive assets than might otherwise be the case.

Yes, Anglo could have continued to fund itself in SA, though not altogether efficiently with foreign capital. But as an investment, it would still bear the stigma of being domiciled in an emerging market.

As it was, the greater Anglo group had become a poorly focused, sprawling hedge-podge of a group that would seem to characterise the difficulties that accompany the twilight of a dynasty. It now has to prove that its restructuring is not simply a repackaging of old investments, that it can create new areas of growth.

Anglo was in danger of becoming chronically sclerotic—it already had in some cases. And central control was increasingly inappropriate. Focused operations were needed under the direction of focused managers. And that is what is starting to happen with the restructuring. Hard-nosed bosses are being empowered to do what is necessary, while well-connected but inefficient ones are being sidelined.

Businesses that do not fit in or that do not perform will be sold with complete lack of sentiment. The interest in SA Breweries is on the block, and the FirstRand financial services group could be next. Sooner rather than later there will be the sale of much fringe underperformers as food group Tongaat Overseas and Minoro is selling Engeland and Terra.

This restructuring to provide focus and dry management is probably more important than a primary London listing and an unsassuall position in the Footsie 100.

Many investors, particularly foreign ones, are uncomfortable with the byzantine corporate structure that Anglo has created over the years. They want to know what they are buying so that they can judge whether risks and rewards are in balance.

Focus, as Bulton also believes, is what matters most. If you are good at what you do, the rest follows: Investors like it and understand it.

Ambitious SA firms have to look abroad. That is the only way to go. If a company is domiciled in a stable market, and that is a tax haven or emerging market, it will be in a position to compete for funds on an equal footing with its rivals.

Anglo's proposed sale of non-core interests here and abroad will also give it a cash pile to invest in projects. It means holding on to stream operations that are needed to prove that the new Anglo is better than the old.

The new operating structure

As for SA, it stands to gain new, efficiently funded projects. The Gamberg mine is already on the tracks and other resource-based developments will follow if they are internationally competitive. That should create jobs. Such new developments could also encourage an influx of scarce skills if the home affairs department facilitates rather than discourages them.

Restructuring and clearing out the deadwood will take some time. But it needs to be done quickly if investors are to be convinced.
Political transition facilitated merger

Hilary Joffe

CENTRAL to the complex series of deals aimed at restructuring the Anglo group was a single issue: the relationship between Anglo and its offshore arm, Minoro.

The group's division into local and foreign arms was a way of dealing with SA's former pariah status. Luxembourg-based Minoro could invest in new mining projects in far-flung places where Anglo itself could not. After SA's political transition, Minoro's existence began to look unnecessary.

The group then defined Anglo's sphere of activity as Africa, while Minoro's task was to forge ahead with new projects outside Africa. That led to conflict and confusion.

Even so, it was only in June that Anglo's financial brains began putting together the deal to create a new, London-registered company, Anglo American plc (AA plc), finally combining Anglo and Minoro. As De Beers chairman Nicky Oppenheimer puts it, this will see the group "leave the comfort of home to take its rightful place in the big, wide world to challenge the other major mining companies."

Anglo and Minoro chairman Julian Ogilvie Thompson points to a string of restructuring initiatives which occupied much of Anglo's finance staff last year. By this year, though, the Minoro issue had to be addressed, owing to changes in Minoro's financial position. Minoro, which has several large projects coming on stream, now has substantial borrowings where previously it was cash flush. It had to raise new capital or sell assets. At the same time, Anglo's people were becoming frustrated at being confined to Africa.

It was simply a question of finding a fair basis for the deal, and of solving legal issues. A London base was the only real option. Luxembourg is not one of the world's great financial centres and Minoro's shareholders would not have warmed to an offer of Johannesburg-listed Anglo shares.

The plan is that AA plc will buy Anglo using a scheme of arrangement. Buying Minoro will be done through a public offer, as Luxembourg's legal system does not provide for schemes of arrangement.

Before AA plc buys the two companies and lists early next year, AAC will take out minorities in Amcor and industrial arm Ami, as well as taking in De Beers' small holdings in a variety of group companies.

In creating the new company, Anglo has done most of what the market was asking. But it has not gone all the way.

The new London-based structure, with assets of $15bn, will be tidier than the old one. The aim is clarity, transparency and simplicity, says Ogilvie Thompson. "We have had people telling us for too long that the group is far too complicated — they cannot do any more."

Still, there are loose ends and elements of AA plc not entirely to the taste of analysts, particularly those in London. Some draw unfavourable comparisons with the model. Bulbion, which wholly owns all its subsidiaries and has a clear shareholder structure with no controlling stake.

Most subsidiaries will be wholly owned. Assets in base metals for instance, which were previously divided between Anglo and Minoro, now meld into single, commodity-focused divisions with unified management structures. So do key businesses such as paper, whose ownership was dispersed across the group. The result will be that AA plc gains access to the cashflows and the tax bases of virtually all its underlying operations. It will also be able to allocate capital rationally on a global basis.

Anglogold and Amplats will remain listed, as will De Beers. So will investment holding companies Angloam and Anamut.

Ogilvie Thompson says Anglogold and De Beers are big enough to stand on their own and investors still want the option of investing in focused gold, platinum and diamond companies. Anglogold is likely to disappear once Anglo and Gold Fields complete their Driefontein joint venture deal, while Anamut, the vehicle through which Anglo holds its De Beers stake, pays through all its income and may as well stay.

But some analysts are less than happy at the prospect that the Anglo/De Beers control relationship will remain unchanged. AA plc, like the old Anglo, will be controlled by De Beers and the Oppenheimer family, whose combined stake is likely to be 47%-48%. The traditional cross-holding remains, with De Beers holding 40% of AA plc, while Anglo holds a third of the diamond group.

Some do not like the cross holding, perhaps because the apparently amicable relationship complicates assessments of whose influence really counts.

Ogilvie Thompson is rather puzzled by all this, stressing that Anglo wants to remain invested in the diamond business. De Beers, in turn, wishes to remain invested in Anglo's broad spread of mining assets.
Employees cheer as Anglo heads for UK

But unions cautious over jobs

ARGUS CORRESPONDENT AND SAPA

Johannesburg - The usually subdued atmosphere at Anglo American headquarters in Johannesburg was shattered by thunderous applause and cheers yesterday morning when 1 200 employees heard that the company was moving its primary listing to the London Stock Exchange.

The victorious reaction to the announcement followed an emotional speech by chairman Julian Ogilvie-Thompson who told his charges that it was now time for South Africa’s oldest and largest company to go out into the world and play with the big boys of international business.

Mr Ogilvie-Thompson assured the employees that they would not be retrenched or compelled to move to London.

Anglo American yesterday announced a R57-billion merger with Minanco to create Anglo American Plc. Anglo also plans to absorb Amec and Amcoal and increase its shareholding in Amplitis. The new corporation, which will be one of the largest mining and natural resources companies in the world, will be based in Britain but will also list on the Johannesburg Stock Exchange and several major European exchanges.

The new listed leader on the JSE will probably be luxury goods giant Richemont Holdings.

Anglo’s announcement has been welcomed by the business community and blessed by the Government and the Reserve Bank. Deputy President Thabo Mbeki and Finance Minister Trevor Manuel were briefed about the move last month.

Mr Mbeki’s office said yesterday the Deputy President had been assured by Mr Ogilvie-Thompson that Anglo had no intention of leaving South Africa.

“The Deputy President remains convinced that the listing of the new company on the London Stock Exchange will not reduce Anglo’s contribution to the economy but will on the contrary increase the possibility of expansion of its operations in South Africa,” Mr Mbeki’s spokesman Ronnie Mamoepa said yesterday.

Nicky Oppenheimer, whose family founded Anglo and still has substantial interests in the company, yesterday said he believed that “this is a matter of pride for South Africa.” He said Anglo’s major shareholders, namely De Beers and the interests of the Oppenheimer family, would remain firmly South African.

A market analyst said the move would not have any significant impact on the JSE in the short term but could have long term effects if the new group cut down on local business. At the moment Anglo American is the biggest single component on the JSE.

Equusc economist Dawie Roodt said it made sense for large groups like Anglo to “go where the business is.” Anglo was becoming a global company with a strong South African component “They are not abandoning us.”

Mr Roodt said the merger might even provide a conduit for international capital into South African industry.

The National Union of Mineworkers yesterday expressed concern that Anglo American’s decision to have its primary listing in London would send the wrong message to potential investors. The union’s secretary general Gwede Mantashe said Anglo promised there would be no retrenchments but unions had found that once companies went global, job losses followed sooner or later.

The National Party said the ANC government’s competition policy, aimed at breaking up monopolies, would have played a role in Anglo’s decision.

“In the light of anticipated greater government interference in future company decisions, a company like Anglo might elect to emigrate,” the party said.

The NP also blamed the Government’s labour and minerals policies.

The Congress of South African Trade Unions condemned Anglo’s decision, saying the move as demonstrating a lack of patriotism and said it amounted to a vote of no confidence in South Africa’s economy and future.
Mbeki, Cosatu differ over Anglo’s switch to London

GOVERNMENT and organised labour yesterday revealed sharp differences over Anglo American Corporation’s shift to the London Stock Exchange from Johannesburg.

Deputy President Thabo Mbeki welcomed it, but Cosatu condemned the move.

SA’s largest multinational has merged offshore with the UK-based Minorco group to form a British-based mining and natural resources company, Anglo American plc.

Mbeki said it would not reduce Anglo’s contribution to the economy, but rather increase the possibility for expansion of its operations in SA.

A statement from Mbeki’s office said he had been approached by Anglo American chairperson Julian Ogilvie Thompson and briefed on the conglomerate’s plans to list on the London Stock Exchange after its acquisition of Minorco Société Anonyme.

“Through this discussion and briefing, Anglo American wanted to give the SA government an assurance that they had no intention to leave SA by buying into Minorco,” the statement read.

“Following this discussion, Deputy President Thabo Mbeki referred the matter to the Minister of Finance Trevor Manuel for further discussion and finalisation,” Mbeki’s office said.

Cosatu said Anglo’s move demonstrated a lack of patriotism and amounted to a vote of no confidence in SA’s economy and future. Anglo’s announcement came in the middle of SA’s worst unemployment crisis, when there is a need for massive investment to save the country from poverty and inequality, said Cosatu.

“Anglo American, whose wealth more than any other company has been built on the back of colonialism and apartheid, is only interested in making quick money regardless of the consequences to our people,”

The union federation called this a slap in the face to the entire region, which relies on SA as the hub for industrial development.

“This flies in the face of the forthcoming Presidential Job Summit to address the current unemployment crisis. The move raises serious questions as to business commitment to developing our economy and shifting towards a job-creating path,”

Ogilvie Thompson said it was a “misperception” to say his company is fleeing the country — Sapa

See Business Report
Angelo puts best FSEF forward

LONDON LITE: We're not donating ships, says Oppenheimer

WE'RE IN THE BUSINESS OF MAKING MONEY:
BOBBY GOODELL

HAIR CUTTING CHUTE

JULIUS THOMPSON, G.T. STAFF

MCCARTHY, G.T. STAFF

MICHAEL D. STAFF

THE SHIP

FIRST TO LEAVE

THE CAPTAIN

WAS THE

KEY MAN BEHIND THE ANGLO GIANT

OFFENSIVE ENSIGNSHIP & CAPTAIN

THE S.A.'S GOLDFUL CHORE IS SEEN BY

THE LOSS OF S.A.'S GOLDFUL CHORE IS SEEN BY

THE LOSS OF S.A.'S GOLDFUL CHORE IS SEEN BY

THE LOSS OF S.A.'S GOLDFUL CHORE IS SEEN BY
Industry and new minerals paper
Mining White Paper Rejects Stake Role
The face of the mining industry has changed drastically in just a few years.
Govt ushers in new era in mines policy

The white paper for a new mining and minerals policy has the industry nervous, writes mining reporter David McKay. The proposed minerals policy has caused some jitters in the industry.
Mines that become leaner may be meaner rather than smarter

Whittling down numbers through outsourcing has not necessarily been good for the mining industry, argue Andries Bezuidenhout and Bridget Kenny

IN AN article in Business Day (Management, October 1), Fritha Davidson argues that SA mines have "to get leaner and smarter". Through a strategy of outsourcing, argues Davidson, mines can become "manageable and more competitive".

Mines are portrayed historically as little villages where mine managers spend their days opening "the new social club" and congratulating "the worker of the year". In the 1990s, however, the author argues that mine managers should focus their attention on mining's "core activity".

The article suggests they can do this if different mines share and subcontract certain services, such as personnel and payroll administration, workshops, medical services, and other "non-core" functions.

According to Davidson, this makes "good business sense", complies with international "best practice", and can provide the opening to create black economic empowerment opportunities.

Furthermore, she argues that outsourcing "does not imply retrenchment The staff that worked on those tasks in the past will simply become the staff of the company that is contracted to handle the outsourcing."

Our research on existing outsourcing and subcontracting practices in the mining industry found exactly the opposite.

Firstly, the outsourcing of non-core and core functions in the mining industry is nothing new. Mines have traditionally outsourced functions such as shaft sinking services and underground construction.

In the 1990s mines began subcontracting non-core functions such as catering, cleaning, security, and the maintenance of hostels. Even as far back as the 1950s mines subcontracted "core" mining activities to teams of workers on a relatively widespread basis.

This practice stepped as a result of the 1992 strike, and has only recently resumed.

Secondly, reintroducing subcontracting of core mining activities seems to dominate the outsourcing process in the 1990s. Subcontracting these tasks invariably coincides with large-scale retrenchments.

Over the past couple of years mines have certainly become "leaner". In 1987 the gold mines affiliated to the Chamber of Mines employed about 500 000 workers. By March 1994 they employed 300 839. Last year alone, another 50 000 jobs were lost.

In the first half of this year, another 14 600 employees lost their jobs, according to the Gold Cross Committee.

While mines are retrenching workers, they are increasingly subcontracting their core work. In the context of the drastic downsizing, Davidson's calls for a leaner mining industry seem rather ironic.

The question should be asked as to whether restructuring through retrenchment and subcontracting is really "smarter".

Indeed, workers who are rehired by the contractors are often faced with lower wages and worse conditions of employment than their directly employed colleagues.

Outsourcing and subcontracting change contracts of employment into commercial contracts. This strategy opens up possibilities for subcontractors to circumvent labour standards and safety regulations based on the regulation of employment relationships.

In an industry such as mining, this is particularly dangerous. We found that subcontract workers are typically not unionised, and earn wages much lower than union members.

Across various industries, subcontracting of labour and other forms of casualisation are often used to circumvent health and safety regulations.

The use of subcontracted labour is particularly significant given the safety problems associated with the labour process in the mining industry.


However, it may also provoke employers to subcontract labour and circumvent responsibility.

Research shows subcontract workers generally worked in dangerous areas that other workers refused to enter, and subcontract workers often did not receive medical attention when injured.

One worker explained: "The mine does nothing if a contract worker has been injured. Therefore do not get the attention that they should get when they are injured and are not even taken to the hospital."

Views of outsourcing that emphasise its "good business sense" often ignore the flipside of flexibility. Subcontracted labour in the mining industry is driven by the goals of higher productivity, flexibility and cost cutting, particularly of labour costs.

As a result, the form in which it takes, while "lean", is often more "mean" than "smarter", as workers who are retrenched from direct employment are rehired at worse conditions by contractors.

While this may boost profits in the short term, mines will lose out as such practices have been shown to lead to instability in the industry through conflict and loss of commitment from the workforce.

Bezuidenhout is a lecturer in the Sociology Department, Rand Afrikaans University. Kenny is a researcher at Wits University's Sociology of Work Unit.
MINERAL RIGHTS LEGISLATION

THE MEEK ALSO WANT

John Paul Getty said they were supposed to inherit the earth but not the mineral rights. We look at

For the government of a country whose history and prosperity are based overwhelmingly on its mineral wealth, the African National Congress has taken its time in devising a strategy to gain access to the riches under SA soil.

Now, in arguably its most radical piece of "transformation" legislation, Minerals & Energy Minister Penoull Maduna has placed the often gargantuan reserves of ore owned by SA mining giants on the table. His White Paper on Minerals & Mining Policy, driven by a political need to open mining up to black empowerment and by frustration at the apparent inability of local mining houses to generate new jobs, promises to profoundly shake up mining in this country.

But can Maduna play at minerals transformation without damaging the industry's profitability? The stakes are huge. The proposed reforms affect the heart of the business — the private ownership of mineral rights.

Government says it wants to bring SA in line with other major mining nations such as Canada and Australia where mineral rights are owned by the State. Maduna says the aims include creating a climate for "much-needed foreign investment" in the industry as well as providing access for "previously disadvantaged persons".

In 1997, mining generated total revenues of R65 billion, of which 79% came from exports. The industry is estimated to have contributed 7.8% directly to gross domestic product and 15% indirectly, through associated multiplier effects.

Though employment numbers have dropped sharply this decade, the mines last year still employed 653,000 workers, about 10.5% of all people employed in the nonagricultural, formal sectors of the economy.

It will take at least a year before the proposed new legislation comes before parliament, but potential losers and winners are already being sized up.

Chief among the potential losers are platinum producer Amplats and ferro-alloy group Samancor. Their enormous mineral rights holdings have raised expectations that they will be forced to relinquish control of some of them. And the vultures are beginning to circle.

Swiss resource group Sudeleksa is eyeing Samancor's huge manganese resources in the Northern Cape and Impala Platinum (Impala) is clearly interested in Amplats' extensive platinum mineral rights in Mpumalanga and the Northern Province.

Yet both Amplats and Samancor expect to survive largely unscathed because of commendable clauses in the White Paper aimed at protecting current and intended operations and which also take into account market considerations.

There is still a possibility that the new legislation will be challenged in the Constitutional Court. But, curiously, legal action is unlikely to come from the mining houses, which believe they can get a fair deal through negotiation and participation in the preparation of the legislation.

Instead it's the farmers, who own extensive tracts of mineral rights, who appear most likely to go to the courts.

"We do not want to go to the Constitutional Court over this because politically we will be on a hiding to nothing," says Amplats' business development director John Dreyer.

"We think that through co-operation with government we will see the new situation come together. It will not be a train smash but it will not be all sweetness and light either."

Chamber of Mines president Bobby Godsell says the chamber is "unconvinced" it's necessary to move from private ownership to State ownership of mineral rights. But he adds: "We believe the transitional arrangements proposed in the White Paper can work if implemented in the spirit of the document as a whole."

The SA Agricultural Union says, however, a number of key principles in the White Paper probably contradict the aims of the Constitution.

The crux of the matter is government's long-term objective that all mineral rights will vest in the State. Initially there will be a transition phase in which private ownership remains, but the right to prospect and mine for all minerals will rest with the State.

Maduna, however, insists that government does not want the industry to operate under a cloud of uncertainty and says there must be no doubts over guaranteed security of tenure.

That's why the

HOW SA MEASURES UP

Commodity
Manganese (metal)
Chromium (ore)
Potash
Phosphate rock
Zinc (metal)
Gold (metal)
Copper - Cathodes
Nickel (metal)
Titanium Minerals (metal)
Antimony (metal)
Phosphogypsum (containing CaF)
Phosphate rock (containing concentrate)
Zinc (metal)
Coal (bituminous and anthracite)

Percent of Exports
80
60
40
20
0

Contribution of mining to SA merchandise exports

All Minerals
Gold

SOURCE SA Reserve Bank

SOURCE CHAMBER OF MINES

Penoull Maduna

46 FINANCIAL MAIL NOVEMBER 27 1998
White Paper contains a string of provisions to protect existing mining and prospecting operations. These operations will be given time in which to justify the retention of mineral rights needed for their expected economic lives as well as future expansions on a “use-it and keep it” principle.

But government wants the right to take mineral rights it considers surplus to the registered holder’s requirements and license them to a third party for exploration and development without the holder’s permission.

Minerals & Energy deputy director-general Jan Bredell says this will ensure that registered holders do not lose their ownership rights and that they will receive prospecting fees and royalties from a third party.

“It will be similar to the situation that exists at present with the Venetia diamond mine, where Anglovaal owns the mineral rights and gets royalty payments for their exploitation from De Beers,” says Bredell.

The difference is the Venetia arrangement was reached under free-market conditions of willing buyer, willing seller. That’s not what the White Paper is proposing.

The White Paper says “Such prospecting fees or royalties will be determined by the State after consultation with the registered holder of the mineral rights. In determining such fees and royalties, prospecting fees and royalties payable to the State will be used as a guide. The quantum of prospecting fees and royalties will be internationally competitive and will not inhibit the initiation of new projects.”

That last proviso is meant to stop mineral rights owners from preventing development by demanding too high a price for their rights.

One of the issues to be settled is the expected economic life of a mine in financial planning that is usually put at 25-30 years because not present value calculations become meaningless beyond that.

The reason Ammps and Samancor look so exposed is they control the rights to resources that will keep their existing operations going for centuries. Even if they manage to get, say, 50-75 years accepted as life-of-mine, they still have a problem.

SA has 806 — about 12bn t — of the world’s known deposits of high-grade manganese ore. Samancor controls about 80bn t of it and the balance is held by Associated Manganese. Samancor produces about 2 Mt of manganese ore a year and about 0.6 Mt of manganese alloys.

Ammps is the world’s largest platinum producer and has been accused of “sitting on” unused mineral rights to maintain its vested interests and keep the competition out. MD Barry Davison denies this and says Ammps is expanding its business as fast as market conditions will allow.

Both groups intend using the sections of the White Paper that cover market considerations. These provide for a “retention licence” which will allow the holder to retain mineral rights without a commitment to minimum work and investment requirements.

The grounds are that the ore reserve is “considered to be uneconomical due to prevailing commodity prices (market conditions) or where the exploitation thereof might lead to market disruption not in the national interest.”

Ammps’ message is that allowing too many newcomers into the platinum business too quickly would destroy the price, resulting in a “worse than zero-sum game” for the entire industry.

Samancor chairman Mike Salamon makes much the same claim for his group’s manganese business. Manganese alloys are used primarily in the production of carbon steel, which is in long-term decline (unlike stainless steel, which is growing rapidly and uses ferrochrome).

But the pressure from outsiders to get in is real. It’s coming from established mining groups as well as the North American junior mines, which says one mining executive, “merely want to get their hands on some rights and then sell them back to us through a joint venture. They will not develop projects on their own.” In the past decade, Sudelektra SA has come from nowhere to match industry leader Samancor in ferrochrome production.

Sudelektra chairman Peter Nienaber says his group can do the same with manganese and can put forward a strong case to acquire the necessary mineral rights.

Impala’s problem is a lack of long-term ore reserves. This has prevented expansion and pegged its production at around 1m oz of platinum annually.

The group is embarking on joint ventures with junior mining companies, which do the mining while Impala treats and refines the ore on a toll contract basis. The first one is already under development near Brits with Australian junior Kroondal.

“We think we are well-positioned to benefit from any changes to the legislation on mineral rights that would allow smaller operators into the industry,” says Impala MD Steve Kearney.

In the long run, Ammps’ best protection may lie in the fundamentals of the platinum business — the technical and financial barriers to entry remain high.

Since the mid-Eighties about 66bn has been wasted on disastrous developments such as Northam, Crocodile River and BHP’s Hartley mine in Zimbabwe.
Gold mining is not expected to be affected by the proposed legislative changes — it's the low gold price, not the shortage of mineral rights, that has stymied the industry — but there could be long-term implications for the coal sector.

The other area of particular concern for farmers and the mining industry relates to the environmental problems associated with the small-scale and artisanal mining.

Government is keen to promote this kind of mining, but has done considerable environmental damage elsewhere and mining industry executives stress that there has to be even-handed enforcement of environmental regulations.

Policy proposals in the White Paper support this, but industry executives remain sceptical about the eventual application of the laws.

At risk are tourist destinations around Barberton, Pilgrim's Rest and Lydenburg in Mpumalanga from small-scale gold mining as well as areas around the Vaal and other rivers in the Northern Cape from alluvial diamond mining.

That makes it clear the new mining legislation will affect the national and provincial economies and extend into related fields such as tourism, the environment, health and safety.

Click on this story in FM Interactive (www.fm.co.za) for a link to the full White Paper.
Meeting - General

8 1999
Minerals sector in line for investment boost

R57,8bn has been committed to projects which will draw largely from local resources

Linda Ensor

CAPE TOWN — A total of R57,8bn had been committed to investment in minerals projects over the past few years. Minerals and Energy Minister Penwile Maduna said yesterday.

More projects, with a potential investment of R8bn, were being evaluated. About 52% was for primary minerals (21% gold) and the balance for processed minerals. Of the R57,8bn already committed, 61% was for primary minerals (21% gold) and the rest for processed materials.

"By far the greatest proportion of investment will be derived from local sources, while only a small fraction will be from foreign sources," Maduna said.

In Parliament on his department's activities

He said there had been a steady rise in gross domestic fixed investment in the local minerals industry from R5bn in 1993 to R6,4bn in 1994 and to R3,2bn in 1997, a rise in real terms of R14%.

Royalties paid by mining companies had also risen exponentially, despite large-scale retrenchments, downscaling and decrease in the gold price. Royalties from minerals other than precious stones just about doubled between 1995/96 and 1996/97, soaring again the following year.

"Indications for 1998 to 1999 are that this trend is bound to continue."

Government was working closely with oil companies on mechanisms to ensure that black companies acquired a 25% stake in the industry.

"Some of the ideas which these companies are coming up with are quite exciting," Maduna said.

The restructuring of the industry, in line with government's energy white paper, would be approached in phases. Labour would also be involved in the discussions.

While government intended to completely deregulate the industry, no party would be left "to the wolves." Newly established black companies would be helped to become fully competitive in a deregulated environment.

He could give no time frame for deregulation, but said government's target was to ensure a 25% meaningful black participation in the up- and downstream sectors of the industry "pretty soon."

Regarding the sourcing of SA's oil, the bulk of which came from Iran, Maduna said this was a private sector matter. Government was playing a facilitating role to encourage sourcing from African countries such as Angola and Nigeria. Libya was also being considered.

A significant quantity of SA's oil imports came from these countries, he said.

SA companies were also involved in a lot of oil exploration projects in Africa.

Government was not averse to companies sourcing their oil requirements from Iraq, as long as this was done in compliance with United Nations rulings.

Maduna referred to his dispute with Auditor-General Henri Kruiver. The minister said that he had not changed his view about some of the documentation which he had handed over to the Public Protector Selby Baqwa, who was investigating the matter.
3 000 illegal mines at work in SA

Cape Town — The number of small scale illegal mining operations in South Africa could number more than 3 000, Penuell Maduna, the minister of mineral and energy affairs, said last week.

The department of mineral and energy affairs had identified 1 700 operations but there could be many more that remained undetected, Maduna said.

The department has an interim policy to bring illegal mining operations under the law.

It has developed an assistance approach to provide legal and technical advice which includes preparation of environmental management plans and corporate trust structures.

"The most important result of this approach was the grass roots knowledge gained with regard to the actual constraints facing small scale miners," Maduna said.

The interim approach had resulted in the opening of the Ikwez Colliery near Delmas in 1997. This move laid the foundations for the first wholly black-owned coal mining company and the registration of OTR Mining in the Northern Province, which provides managerial support to small-scale miners.

It has also brought about a co-operation agreement between Eyethu Mining Trust and Mincom over technical and infrastructural support to small-scale miners in Barberton and the registration of Shisa Coal at the Magdalena colliery near Newcastle.

"The intention is not to perpetuate poverty by merely legalising unacceptable practices, but rather to transform this sector into one that offers healthy business opportunities to those who did not have access to them in the past," said Maduna.

MINING POTENTIAL Penuell Maduna, the minister of mineral and energy affairs (centre), says his department and the industry are working together to bring illegal miners into lawful operation.

The department's long-term strategy is to develop a policy environment and development framework to promote sustainable small scale mining.

A piloting phase for the national small-scale mining development framework is expected to begin in April.
Landmark mining ruling

A LANDMARK judgment on Friday by the Supreme Court of Appeal has placed the environment at the forefront of all mining plans, bringing SA in line with international business rules. Mining companies and authorities now have to listen to all interested parties.

The court dismissed, with costs, an appeal by Sasol and Gauteng’s director of mineral development against a High Court decision last March. The High Court had set aside Sasol’s authorisation to strip-mine the Rietvlei wetlands on the Vaal River for coal.

Judge Pierre Olivier said development “which meets present needs will take place without compromising the ability of future generations to meet their own needs.” He said application of the auditor rule—that the other side must be heard—when seeking a licence was “indicated by virtue of the enormous damage mining can do to the environment and ecological systems.”

The Constitution included environmental rights as fundamental human rights, which required that environmental considerations be given recognition and respect. “Together with the change in the ideological climate must also come a change in our legal and administrative approach to environmental concerns,” said Judge Olivier.

Sasol was taken to court by the community-based Save the Vaal Environment (Save), which said the judgment was not of value only to Save, but also to many communities taking on big companies to protect the environment.

Sasol corporate communications manager Alfonso Niemand said the judgment was not good news for the mining industry and would make processes “drawn out and costly.” Sasol would resubmit its application to mine...
Maduna eases on mineral rights

ROY COKAYNE

Pretoria - Penwell Maduna, the mineral and energy affairs minister, softened his stance yesterday on mineral rights from one of "use it or lose it" to "use it and keep it".

He warned that the government would have no option but to intervene if mining houses hoarded mineral rights.

"We will work into law appropriate procedures that allow people to exercise their rights in terms of the law and Constitution," he said.

"But if there is hoarding, there is no alternative but to intervene and allow those ready to exploit those resources to good account to do so."

Maduna was speaking at the launch of the national small scale mining development framework, which he said had become necessary to create the structure and mechanisms to provide the sector with the required support and guidance.

The framework's objectives were to establish enabling conditions for small scale miners and to alleviate the technical and financial constraints inherent in the sector, he said.

He said it had two components working in close cooperation to bring small scale miners and investors together with regulators and mineral resource management authorities.

One component was the regional regulatory committee, which comprised the regulatory authorities that had to approve and monitor a mining operation such as environmental control, health and safety precautions and land use.

The other was the national steering committee of service providers to the small scale mining sector. This was the point of delivery for the technical and financial assistance needed by the industry.

Jan Bredell, the deputy director-general for mineral development, said it operated under sound business principles and did not provide free services.

He said the repayment of the cost of assistance to the small scale miner would be structured to allow the miner to develop the project to a stage where it was properly capitalised and started generating sufficient income.

Bredell said the sector was selecting pilot projects from among those forwarded by the regional regulatory committees.
NATIONAL

Maduna unveils policy for small-scale mining

Framework aims to overcome financial and technical constraints

Iija Graulich

MINERALS and Energy Minister Pentuel Maduna unveiled the department's small-scale mining development framework yesterday, in which the industry is given a significant boost through proposed support systems and legislation.

"Although small-scale mining operations are illegal, they nevertheless provide a means of survival for workers and their dependants," Maduna said.

The framework aims to legalise these operations and give them the administrative support needed in the industry. This will allow the operations to be taxed.

Small-scale miners have been hampered in the past by technical and financial barriers as well as the practice of awarding of mineral rights, which normally were given only to established mining houses.

The move is in line with the white paper on a new SA minerals and mining policy tabled last year, the recommendations of which included stimulating black-owned mining.

In the last decade, the gold mining industry has improved mechanisation, while eliminating more than 250 000 jobs with the closure of marginal mines.

Under the development framework, two types of mining operations have been identified by the department. The illegal/artisan operations — characterised by a complete lack of capital, and which present health and safety risks — and small-scale operations that are inadequately capitalised and do not fully exploit the economic potential of mineral deposits.

A number of analysts and large mining houses say they are worried that the environment will be damaged once the plan is implemented.

Similar operations in Brazil have resulted in large-scale environmental destruction, with no capital available to refurbish destroyed areas.

The department, however, is upbeat about the plan. The objectives in its framework are to establish enabling conditions for small-scale miners and to alleviate the technical and financial constraints inherent in the sector.

So far, R2m has been set aside to kick-start the project, but the department is confident the large mining companies will provide technical and financial support in future.
State's hard line on minerals is praised

Johannesburg - JSE-bound Noble Minerals, the mining exploration company, urged the government yesterday to maintain its hard line, "use-it or lose-it" stance on the issue of mineral rights to boost small-scale mining operations.

Nolene Gullan, the managing director, was reacting to recent reports that the government had modified its hardline approach to "use-it and keep-it". But Noble Mining welcomed the assertion by Poutell Mathuna, the minister of mineral and energy affairs, that the government would intervene if mining houses chose to hoard mineral rights, she said.

"Our understanding from the minister is that he is not softening government's stance on the mineral rights issue, and that government is creating the structures to provide new players with necessary support and guidance," she said.

She said Noble expected to lead a "proliferation of mining ventures, which should follow expected changes to mineral legislation.

Noble Mining was pursuing two exploration projects. These were the Storm Manganese project in the Northern Province and the Refentse diamond project in the Taung district in the North West Province.

She said the first phase of the Storm project had proven 1 million tons of manganese resource while the Refentse project involved mining rights for more than 300ha of diamond-bearing gravel.
Small mines fall under ILO gaze

Reneé Grawitzky

LEGISLATION governing the operation of small-scale mining — which produced up to 20% of world production of gold, silver and gemstones — was critical to facilitate its transition from a marginal to mainstream economic activity.

This proposal was central to an International Labour Organisation (ILO) report on social and labour issues in small-scale mines released in Geneva today.

The report, which examines the economic and social effects of small-scale mining worldwide, found that the economic effects were far from small. Small-scale mines employed up to 13 million people, and up to 100 million depending on the proceeds for their livelihoods.

Small-scale mining accounted for up to 100% of gold, diamond or gemstone production in countries such as Mozambique, Burkina Faso, Cuba, Guyana, Niger and Myanmar and more than 50% in Mexico, Philippines, Bolivia and Tanzania. The yearly production of gold and gemstones on small-scale mines in sub-Saharan Africa was about $1bn.

The economic significance to communities lacking other sources of employment or income were therefore immense, the report said.

The unregulated nature of small-scale mining, however, had led to thousands dying each year in mining accidents while up to 250,000 children worked either full or part-time on such mines.

There had been increasing awareness of the problem of child labour in small-scale mines, the report said. However, its eradication was a complex issue, especially in view of economic, social and political implications.

The ILO’s annual conference next month would debate the adoption of a convention to prohibit “the worst forms of child labour.”

The report estimated that in China alone 6,000 people were killed each year in accidents in small-scale mines.

This was not surprising as 40% of China’s total coal production was produced in small-scale mines which employed more than 3 million people. More than 400 million tons of coal were estimated to come from 51,000 illegal small-scale mines. To regulate this sector, the Chinese government had undertaken to close down almost half of the illegal mines by the end of the year.

Despite the hazards of small-scale mining, it was estimated that such activities would increase in the years ahead.

In SA, there are more than 5,000 small-scale mines that employ 10,000 labourers, according to the ILO.
SMALLSCALE MINING  
(210) PM 4/6/99

COMPANIES LURE GOLD AND GEM POACHERS WITH JUICIER CARROT

Will market forces be strong enough to harness illegal miners?

A diamond exploration outfit and a gold mining company have hit on the same idea for dealing with illegal miners on their properties—legalise them by drawing them into your business.

Mining exploration company Noble Minerals, which is to list on the Johannesburg Stock Exchange on June 4, last week announced a small mining initiative at its proposed Refentse diamond mine near Taung in North-West Province.

Gold company Petram Mining (Petmin) — which now fully owns and manages the former Consolidated Modderfontein, Nigel and Grootvlei mines on the East Rand — is already implementing a similar scheme.

"Minerals & Energy Minister Penuell Maduna estimates there are about 3 000 illegal small miners in SA, I reckon about 2 000 of them are on my property," says Petmin MD Foune du Preez.

He says illegal mining on Consolidated Modderfontein (Coms Modder) is especially heavy because it has a big squatter settlement on its land and large surface dumps of previously mined material that still contain small traces of gold.

"You won't believe what some of these guys are doing," says Du Preez. "They concentrate the dump material by sifting it through a series of filters made from bathroom towels. We've bought concentrate from them which has been upgraded to as high as 600 g/t. That's no mean feat considering the original material runs only to about one or two grams a ton."

Du Preez says the illegal miners have been selling their gold on the black market for as little as 10% of its true value.

"We pay them a far better price to give a reasonable return on their efforts and we are also working with them to form mining teams to which we can subcontract various sections of our mines."

There seems to be a considerable pool of mining talent on the East Rand in the form of retrenched miners from several mines that have had to downsize drastically in the past five years.

"Our method is to let them form a team under a mine captain who they are prepared to work for," says Du Preez. "We will not enter into a formal employee relationship with them but rather give them, say, an old incline shaft to work on as a subcontractor basis."

"Our geologists assess what's down there and we set production targets on what can be realistically recovered. The workers are paid on an incentive basis if they meet the agreed targets."

Meanwhile, illegal mining of diamonds from alluvial deposits is a long-established practice in the North-West and Northern Cape. It was a key issue when Noble Minerals drew up plans to establish the Refentse diamond project.

The mineral rights to this 2 000 ha deposit of diamond-bearing alluvial gravel are held by the local Ba-Ga-Maedi tribe. The tribe has granted mining rights to Noble but with the proviso that 25% of the property will be earmarked for informal miners through a co-operation agreement.

Noble MD Noeliene Gullan says the aim is to draw the illegal miners into the system through participation and education, offering them higher prices as a carrot.

She plans to do so in two stages. Initially, about 100 informal miners will be employed to recover diamonds from tailings material provided by Noble that has already been washed and screened.

The miners will receive up to 70% of the value of any diamonds recovered compared to the 20%-30% usually paid by illegal diamond buyers.

Gullan says once the Refentse deposit has been fully evaluated, certain areas will be set aside for the informal miners to work on the virgin material in partnership with Noble.

The price to be paid for diamonds recovered from these operations will be negotiated with the miners, taking into account Noble's overhead costs in providing necessary equipment such as heavy earthmoving machinery.

Gullan does not foresee problems in persuading the illegals to join the system. But Deputy Minister of Minerals & Energy Susan Shabangu is not so sure. At the official launch of the Refentse project, she felt compelled to urge the illegal miners to join the scheme.

"Illegal diamond dealing does not benefit the country," she said. "A 10 ct diamond sold illegally for next-to-nothing deprives a community of a school or clinic."

Brandon Ryan

Gem of an idea  Noble Minerals MD Noeliene Gullan, with the backing of financier David Romero, plans to harness the talents of informal miners at Refentse in North-West Province (below)
Carmaker demand drives Rhodium

**ANTONY SQUAZZIN**

Johannesburg - Platinum miners in South Africa, the world's top producer, expect revenue to be boosted as the price of rhodium, a platinum by-product, soared to a five-and-a-half-year high on demand from carmakers.

Rhodium, used mainly in vehicle catalytic converters to cut pollution from exhaust fumes, accounted for as much as 19 percent of the revenue of platinum producers, analysts said.

The metal has risen 40 percent in six months to $390 an ounce for immediate delivery in Europe, its highest since January 1994.

"Prices have just about doubled this year over financial 1998," said Derek Engelbrecht, the manager of global marketing at Impala Platinum, the world's second biggest platinum producer.

Strictly speaking, there's no way to boost demand for rhodium, other than to drive more cars on the road, said Engelbrecht, a 25-year veteran of the industry.

Rhodium removes nitrogen oxides from exhaust fumes more effectively than any other metal.

The vehicle industry spurned rhodium in favour of palladium in 1990, when rhodium surged sixfold to $7,000 an ounce, largely because of supply concerns.

As governments enact more stringent anti-pollution legislation and palladium prices rise, carmakers are returning to rhodium to comply with pollution laws.

Between 1980 and 1997, annual demand for platinum group metals from the motor industry rose more than fivefold to 6.4 million ounces according to Anglo American Platinum, the world's biggest platinum producer.

Strictly speaking, the price of rhodium cannot be boosted by more palladium consumption, said Engelbrecht.

Lorho Platinum, a subsidiary of Lonmin, would benefit more than Impala and Anglo American Platinum because its mines produced a greater proportion of rhodium than other producers, analysts said.

"We have a much higher exposure to rhodium than the other producers," said Ian Parry, Lorho Platinum's financial director.

Lonplats derived 19 percent of its revenue from rhodium, while Impala got 17 percent of its sales from the metal and 12 percent of Amplt's sales, said Johan Odenaal, an analyst at Merrill Lynch.

The boost adds to greater income from palladium. The price of the metal has almost tripled since the beginning of 1997 because of disrupted palladium shipments from Russia, which accounts for over two-thirds of the world's supply.

Lonmin said yesterday that revenue for the six months to March 31 rose 30 percent to $299 million, largely because of the rise in palladium income.

Impala said in February that first-half sales rose 21 percent to R1.87 billion. Amplt's revenue for the same period climbed 22 percent to R3.44 billion. The rise in revenue has boosted the companies' stock.

This year Impala has more than doubled to R161, Amplt has surged 76 percent to R197.20 and Lonmin has climbed 58 percent to £4.05 — Bloomberg
Deadlock broken over atomic bills

Cape Town - The National Union of Mineworkers (NUM) and the Chamber of Mines have reached an agreement on the regulation of radiation levels in mines opening the way for Parliament to adopt the National Nuclear Regulator Bill.

Minerals and Energy deputy director-general Siannda Mokossa told Parliament's committee on minerals and energy yesterday that in terms of the agreement the regulating authority that would be established would be independent and answerable only to the President's office.

The bills were first considered earlier this year during the final session of parliament. Public hearings were held but because of the lack of agreement over issues, the bills were deferred until after the June elections and the coming of parliament.

Attempts by Nkosi to resolve the impasse failed, largely because it was not given enough time to hammer out a compromise before the committee wanted to consider the bills.

Duma Nkosos of the ANC has been re-elected chairman of the committee. He said yesterday the panel should decide on whether to recall some witnesses from the first set of public hearings.

Sources said it was vital that the bills divided the Atomic Energy Corporation into two distinct entities, one to regulate the industry and one to undertake commercial nuclear-related activities.

On reports that the government policy had been delayed Mokossa said it had to be amended to confirm it with a pipeline policy for the liquid fuel industry and become part of the department's integrated energy planning process.