MINING – GENERAL

1996 – 1997

Tug-of-war over Madimbo issue

(~~56~~) (210) Sowetan 19/1/96

Environmentalists and miners to seek decision on future of corridor

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 Elise 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 archeological 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 eco-tourism 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

BD 26/1/96

Greta Steyn (210)

NEW export revenue from large minerals 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 16,5% by year-end

BUSINESS

Iscor project could boost titanium slag output 30%

(210) BD 5/2/96

David McKay

SA's total output of titanium slag could jump nearly 30% — from about 1,1-million tons to 1,4-million — if Iscor's proposed R900m export-dedicated 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 Gencor, which is the largest titanium slag producer in the world, turning out about a 1-million tons a year.

One analyst said Iscor's new venture would boost SA's total production — with Namakwa Sands on full stream — from 1,1-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.

Iscor'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.

Iscor 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 Iscor management in June with detailed planning to start in July if the project was approved. Mining operations would begin in 1998.

However, Iscor had still to decide where it would situate 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 areas concerned and would continue.

Another unknown in the project is whether Iscor will bring a partner on board to provide finance. Alberts said Iscor 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.

SUNDAY WORKERS *After their first Sunday shift yesterday, some Freegold miners at the number three shaft at Saaiplaas said they accepted the idea of Sunday shifts, provided this preserved jobs*

PHOTO JOHN WOODROOF

Miners clock in for first Sunday shift

(210) CT (BR) 19/2/96

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 Saaiplaas'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 Saaiplaas 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

Ministers call mining indaba

(210)

By Ross Herbert

CT (BR) 19/2/96

Johannesburg — Labour Minister Tito Mboweni and Mineral and Energy Affairs Minister Pik Botha plan to call South Africa's mining houses and unions to a series of meetings to discuss the industry's plans to avert major job losses

"We do not want to interfere with mine management We do not want to interfere with unions, but we will interfere with both," Botha said last Friday

Mboweni and Botha said they had decided to adopt an interventionist approach because they felt management and the unions were not doing enough to fundamentally change mining productivity and save jobs.

Their new stance stems from Anglo American's actions over its Free State Consolidated Gold Mine (Freegold) operation.

In January, Mboweni expressed shock at Anglo's threat to sack 10 000 workers at the end of March if significant productivity improvements were not made After Anglo's announcement, Mboweni asked for a meeting with Bobby Godsell, the chairman of Anglo's gold and uranium division.

Mboweni said yesterday that "the news got out before we had the chance to invite the mining houses" The meetings would be held over the next few weeks.

Major shake-up for operations

Gencor unveils two projects worth R5,5bn

(210) BD 28/2/96

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 80,9% 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, Ingwe and Billiton International among its operations — would also reshape 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 important step towards the group's objective 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 Alusaf 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 this output Both would try to exploit

Continued on page 2

Gencor

BD 28/2/96

Continued from Page 1

(210)

SA's cheap surplus power-generating capacity.

Gencor's share earnings rose 42% to 40,5c, 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 R274m (R142m), 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 (R8m).

Other divisions have already reported their results. Ingwe and Samancor both proved strong performers, while Gengold and Impala both suffered poorer showings.

ST LUCIA FM 23/2/96

HIGH NOON SOON?

(210)

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 RMB's mining operation

But, with RMB's prospecting licence expiring in July, Botha's problem may be heading for a "natural" solution And RMB has enough ore for decades of profitable mining ■

Anglo's reshuffle could be the start of a new era

(210) CT (BR) 4/3/96

By Ross Herbert

Johannesburg — Will the traditional South African mining house survive in the long term?

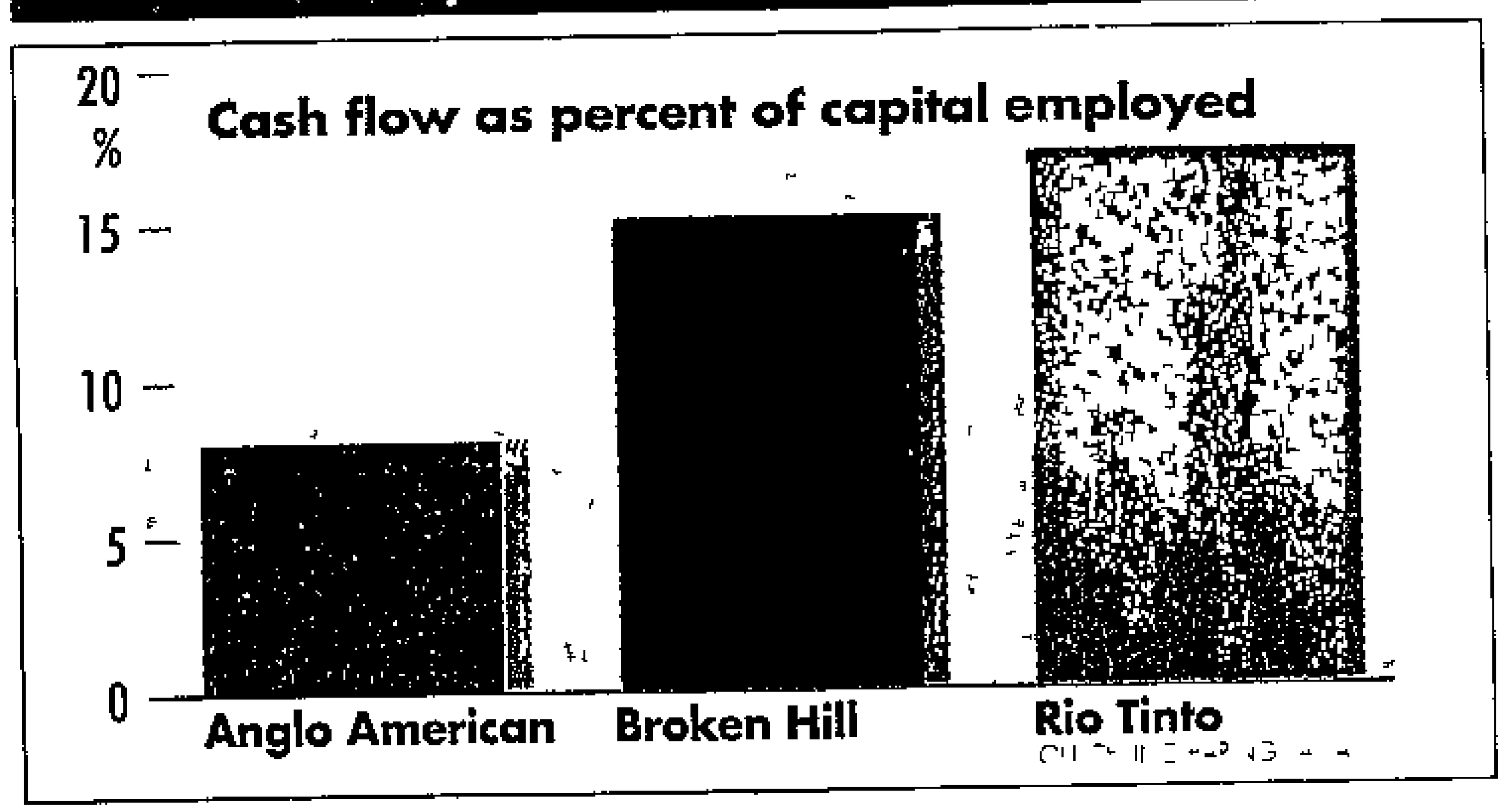
The answer last week was no, according to some mining industry analysts who expressed the hope that the management reorganisation announced by Anglo American and Gencor marked a further shift away from traditional management practice and structure

Bobby Godsell was appointed chairman of Anglo's gold and uranium division He replaces Clem Sunter, who moves to corporate affairs and the scenario planning that occupied him in the 1980s

Godsell rose through the ranks of industrial relations and last July was named the division's chief executive Many analysts broadly praised his ascension to chairman They interpreted the two-step process as a means of saving face for Sunter No matter how the move is camouflaged to the world, the bare facts of it will provide a powerful statement of direction and priorities to management throughout the group

"I think Godsell is the ideal person What South Africa needs right now is someone very skilled in industrial relations You need a different type of management," said Carel Van der Merwe, a London-based equity sales analyst at Fleming Martin

The cash flow problem



GOLDEN BOY *New gold and uranium chairman Bobby Godsell*

SCENARIOS *Corporate affairs chairman Clem Sunter*

Godsell's promotion comes at a critical time for the gold division Workers at three Freegold mineshafts have begun working on Sundays to stave off closure Meanwhile, cost pressures continue and the National Union of Mineworkers is asking that the process of consultation with workers on productivity improvements, which began at Freegold, be extended to all Anglo mines

In the group's Amplats unit, 16 000 workers at Rustenburg Platinum Mine staged a mass meeting yesterday over a range of industrial relations issues and Amplats' takeover of the mine from JCI

Difficult industrial relations and the poor productivity that stems from it are major causes for the undervaluation of South African gold shares, analysts said

A key indicator is net asset value (NAV) a share, essentially the cost of all the company's assets less debt and depreciation Shares in many of the major North American gold mining companies are trading at multiples of NAV However, most South African shares trade at prices less than NAV

Using figures calculated last week by Fleming Martin, the South African industry's shares can be plotted along a rough curve The firms least focused on industrial relations appear to trade at the greatest discount to NAV

On Friday, Gold Fields was trading at an 18 percent discount to NAV In contrast is Randgold, which has led the industry in cost cutting and forging co-operative relations with unions

Randgold shares on Friday were trading at about a 5 percent premium In between were JCI at a 17 percent discount, Anglo at a 12 percent discount, Anglo American Platinum at an 8 percent discount and Gencor was just at NAV

Last week Gencor announced it would manage its operations in mineral-related groups and move away from the South African pattern of setting up each operation as a separately listed firm

Meanwhile, Gengold continues to scale back its head office operations and is in the process of shifting to a mine-level structure that roughly halves the number of management layers

"The difference in relative performance (between South African and other mining companies) has much more to do with corporate structure than external factors," said Robert Davies, head of global mining analysis at ING Barings

Davies praised both the Anglo and Gencor moves, but said that the number of separate companies within the Anglo group created inefficiencies These explained why Anglo established its recent $1 billion line of credit and was selling some Minorco holdings to finance new projects (see above)

"The Anglo structure ties up a lot of cash in working capital, and the tax man and every company gets its slice before any cash is made available for new projects The problem with the group is they are asset rich and cash poor," Davies said

The practice of establishing new mines as separate listed companies prevents offsetting interest income and borrowing costs

Angry farmers want govt to buy them out

(210)

Star 7/3/96

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 Zokufa
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 Naidoo, 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

(210) 7/3/96 Star

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 inter-ministerial 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 end 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 Gencor.

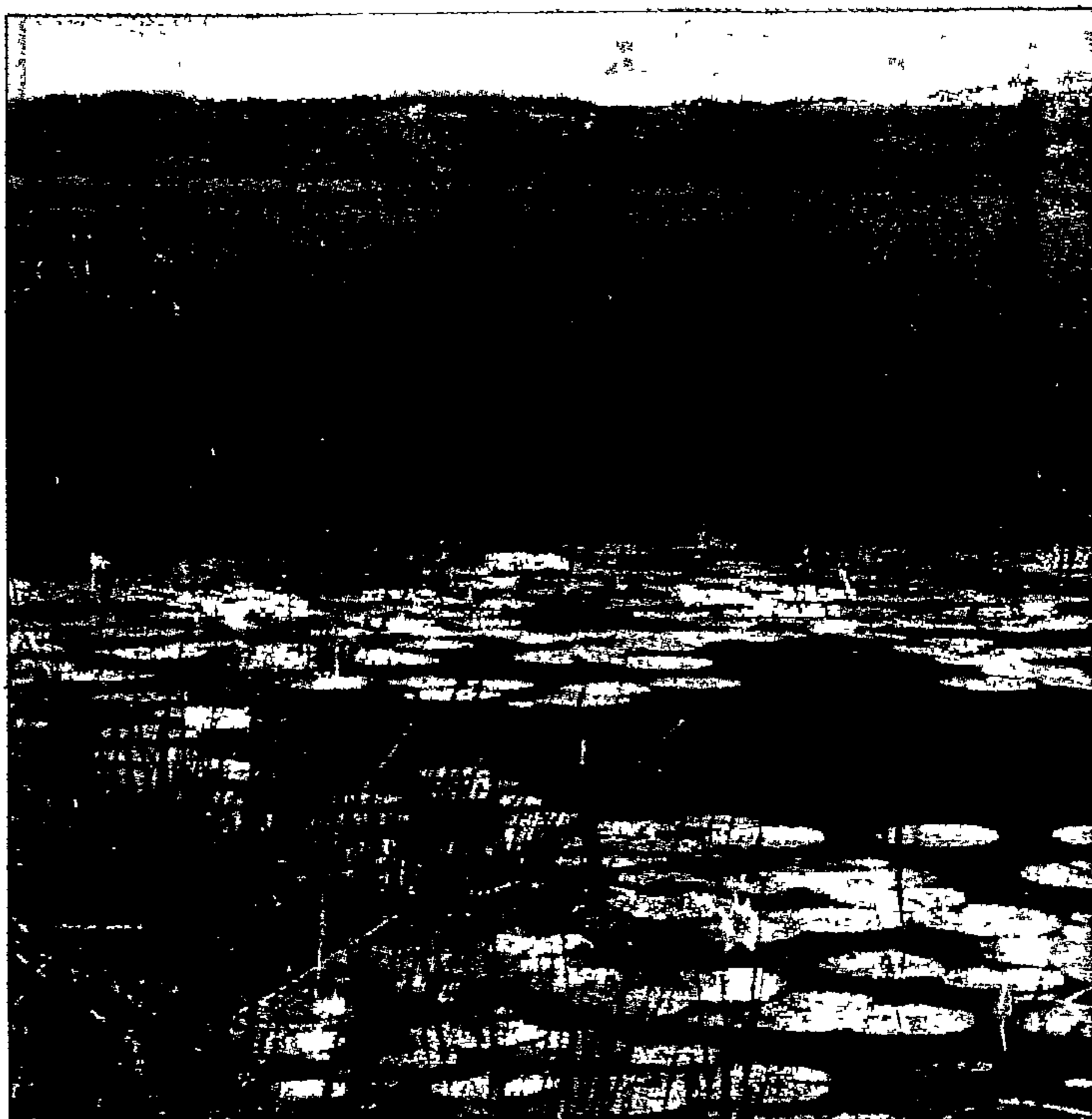
"Plans have been made by RBM to cater for this decision by the Government, and current operations, job security and customer service will not be affected for many years into the future," RBM said in a statement.

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

Democratic Party spokesman Errol Moorcroft said the decision "not only protects one of our greatest natural assets for posterity, but will have far-reaching implications for the protection of other threatened natural areas of great beauty and value".

The NP's Nick Koornhof said it was a "landmark decision".

The cabinet ministers stressed that the decision had been taken entirely on 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.



Spared ... St Lucia's Eastern Shores are safe from mining following the Government's landmark d

from mining threat

(210)

Star 7/3/96

or area to be declared a World Heritage site

RICKY TAYLOR

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

...sman ...cision ...t our ...osten- ...g im- ...on of ...eas of ... said

it was a "landmark decision"

The cabinet ministers stressed that the decision had been taken entirely on 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.

It was not a decision directed at discouraging foreign investors or at promoting one form of development over another in all instances, their statement said.

"A task team under the Minister of Environmental Affairs and Tourism and including national ministers and provincial representation, 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 [illegible] the country 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

(210) BD 15/3/96

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 Moebase and a licence area further south below Pebane

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

Mineral resources CE 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 Edlow 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 Forestania Gold

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

An A$20m 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 studies 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

BA 18/3/96 (210)

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" These agreements were viewed as a precondition 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 This 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, face-brick clay and nickel, were distributed in Northern Cape, Kwa-Zulu-Natal, Northern Province, Gauteng, Northwest 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

Earlier in the year, Segal had said the sale of these properties formed part of JCI's process to review its portfolio

The sale comes amid debate between the industry and government over the issue of mineral rights and small-scale mining. The ANC has called for mining houses to release undeveloped mineral rights, claiming this would help foster black empowerment in the mining industry

SA mines feel effects of downsizing — Scargill

(210)

Renee Grawitzky BD 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

(210)

Patrick Wadula

BD 22/3/96

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, Ventersdorp, Cullinan and Wolmaranstad

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

(210)

BD 22/3/96

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

De Beers said earlier this week that it planned to sell a string of mineral rights, which would probably leave the group with its existing diamond mines and exploration programmes.

Mining productivity study suggests a re-think

CT (BR) 22/3/96 (210)

By Ross Herbert

Johannesburg — The mining industry can more than double operating profit without introducing Sunday work, a computer study presented last week by the CSIR's Mining 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, (mine management) knows about But ask them what it costs to drill a hole and they don't know," said Nick MacNulty, a cost-benefit analyst at Mining 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 1 400m 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 said that 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 receiving 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 At Hartebeestfontein such supports allowed the mine to narrow the width of the seam being mined by 17 percent, producing less waste rock for removal and processing

☐ Hydraulic drills Most drills in use are powered by compressed air, which requires much more electricity and produces less power than water-powered drills Though hydraulic drills cost more to maintain, they drill faster and require only one operator,

☐ Backfill Mining leaves behind a void after blasting 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, and

☐ 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

(210)

By Anna Cox

Star 21/3/96

Squatters illegally occupying the Far East Bank of Alexandra, Sandton, staged a protest march to Premier Tokyo Sexwale's office yesterday, causing traffic congestion along Louis Botha Avenue

Leader John Malatji said the squatters took to the streets because they had not been consulted by Eastern Metropolitan Substructure councillors about the technicalities of their move off the Far East Bank or about the location of the new site

The squatters were to have been moved to an unnamed site tomorrow, but Malatji said they would not move until there was full consultation.

Lonrho inquiry is free of 'fear or favour'

CT (BR) 16/4/96 (210)

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 20-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, either in terms of higher prices or restricted supplies

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

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

However, President Nelson Mandela is reported to be opposed to the merger and the Mafikeng 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 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 Luxemburg-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

Global interest has just begun

SA 'pivotal' to mining in Africa

(210) CT (BR) 16/5/96

From Sapa

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 civil 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-Zairean copperbelt, and the gold and diamond fields of Zaire 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'

Adrienne Giliomee (210) BD 16/5/96

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 1996 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.

Hansard.

QUESTIONS

† Indicates translated version

For written reply

Public enterprises/parastatals: assets

343 Mr K M ANDREW asked the Minister for Public Enterprises

(1) What was the net asset value at the end of the latest specified financial year for which information is available, of each (a) public enterprise and (b) parastatal,

(2) whether these net asset values were determined after deducting pension fund deficits and/or other liabilities of these bodies, if not, what is the position in this respect of each such public enterprise and parastatal,

(3) (a) what did the (i) pension fund deficits and (ii) other specified contingent liabilities of each of these bodies amount to and (b) in respect of what date is this information furnished? N552E

The MINISTER FOR PUBLIC ENTERPRISES

There are six public enterprises under my jurisdiction of which the information is furnished as follows

(1) (a)

Transnet	▶	R34 423,0 million
Eskom	▶	R21 893,0 million
Denel	▶	R 2 992,8 million
Safcol	▶	R 517,0 million
Alexkor	▶	R 226,4 million
Aventura	▶	R 48,2 million

(b) There are no parastatals (per definition) under my jurisdiction

(2)

Transnet	No The net asset value does not include the pension deficit, as the pension fund is a legal entity on its own, therefore it is not consolidated in the results of Transnet
Eskom	No
Denel	Yes
Safcol	Yes
Alexkor	No
Aventura	No

(3) (a) (i)

Transnet	R3 248,0 million
Eskom	Nil
Denel	Nil
Safcol	An estimated amount of R44 million
Alexkor	Nil
Aventura	Nil

(3) (a) (ii)

Transnet	Nil
Eskom	R1052,0 million There is, however, an unprovided portion of anticipated retirement medical aid expenditure amounting to R612 million as at 31 December 1996 not included in the net assets
Denel	R801,5 million of which R429,0 million was accounted against the net asset value
Safcol	R200,3 million
Alexkor	R 82 6 million
Aventura	Nil

(3) (b)

Transnet	31 March 1996
Eskom	31 December 1996
Denel	31 March 1996
Safcol	30 June 1996
Alexkor	30 June 1996
Aventura	31 August 1996

Hansard.

(1) (a) A total of 10 219 people were killed in 7 801 fatal road accidents in the Republic during 1996

(b) The estimated cost of these fatal accidents amounted to R2 3 billion

(2) (a) As a result of the activities of the joint task group into the reorganisation of traffic policing the traffic officers of the former TVBC states who were willing were transferred to provincial traffic authorities Those who were not interested in a transfer remained in the service of the SAPS

(b) The recommendation of the task group that traffic policing be declared an emergency and essential service is being attended to by the Essential Services Committee

Export of non-beneficiated ore

561 Mr M F CASSIM asked the Minister of Trade and Industry (210)

Whether the export of South African mined ore which has not been beneficiated is being permitted, if not what is the position in this regard, if so, (a) why, (b) in what quantities, (c) for what period has this been permitted and (d) what has been the estimated (i) monetary loss to the Gross Domestic Product and (ii) number of jobs lost as a result? N946E

The MINISTER OF TRADE AND INDUSTRY

1 With regard to the question whether South African mined ore which has not been beneficiated is being permitted, the answer is that such exports are permitted

2 South Africa is one of the world's major suppliers of many mineral products Accordingly these exports are a vital component of our economy and the balance of payments and create hundreds of thousands jobs

3 Quantities of ore exported

Iron ore 1995

Total Mined	31 0 m tons
Local usage	1 1 1 m tons
Exported	20 8 m tons

Coal and anthracite 1995

Total Mined	206 2 m tons
Local usage	146 5 m tons
Exported	59 7 m tons

Chrome ore 1995

Total mined	5 0 m tons
Local usage	3 7 m tons
Exports	1 3 m tons

Manganese ore 1995

Total mined	3 1 m tons
Local usage	1 6 m tons
Exports	1 5 m tons

4 Exports of ore have been conducted for probably most of the current century, and will probably continue until South Africa has developed the capacity for primary beneficiation of all ore mined which may never happen for sound economic reasons

5 There is no monetary loss to the Gross Domestic Product There is however a gain as mining has made a very large contribution to the GDP

6 With regard to the number of jobs lost as a result of exports, the export of ores has resulted in the creation of several thousand jobs

7 However, it is stated government policy to encourage beneficiation This is now happening on a very large scale and one of the largest contributions to new investment is in fact mineral beneficiation plants

Tenders for European-funded projects

686 Mr M F CASSIM asked the Minister of Trade and Industry

Whether, as a result of South Africa's agreement with the European Union under the Lomé Convention, any tenders for European-funded projects have been or are to be negotiated over the short term, if not, why not, if so, in respect of what projects have tenders been or are tenders to be negotiated? N1176E

Plans follow rejection of mining St Lucia's dunes

Richards Bay mining plan to cost R1,3bn

(210)

CT (BR) 24/6/96

By Shirley Jones

KWAZULU NATAL EDITOR

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 R500 million fifth mining plant and the associated infrastructure at its Zulti 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 Kingsa 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 Zulti North and the two on the Tisand lease, which the company started mining about 18 years ago

Keith Rumble, RBM's newly appointed managing director, said this 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, so 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

Clement 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 Sokhulu area north of Richards Bay

The cabinet's decision not to allow the mining of the Kingsa 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 Kingsa Tojan site elsewhere in South Africa

The Kingsa 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 Kingsa 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 if 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, Clements said

RBM is the largest mining operation of its kind in the world, producing 1 million tons of titania slag a year This provides 28 percent of the world's titanium oxide, 28 percent of its rutile, 31 percent of its zircon and 27 percent of its ductile iron

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

BD 2/7/96 (282)

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 Phillip Boum, 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 Boum run its Zimbabwean operations from Johannesburg.

Sources say the mines ministry had ordered Anglo to "reinstate" former board member Elias Ngugama who last year resigned to found a private airline and chair the state-owned Astra Corporation But Ngugama, 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 snapped up by the platinum and chrome mining company Zimasco when Anglo favoured Boum, its specialist in Zimbabwean minerals for many years.

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

Anglo "would soon initiate a meeting with Zimbabwean government officials to try and iron out any differences — Zimbabwe is important to us as attested by the more than Z$4bn we are investing in that country over the next four years."

Mugabe alleged both in Harare and London "Here, they (Anglo) want to continue the system of all-white management, all-white control and all-white ownership In South Africa they are doing the opposite."

Thousands fired at Amplats mine

BD 2/7/96 (211)

Bonile Ngqiyaza

AMPLATS said yesterday it had dismissed 13 261, or "just less than 50%" of its workforce at its Rustenburg Platinum Mines (RPM) operation — 5 577 at the Union section and 7 684 employees at Amandelbult

The dismissals followed an ultimatum to return to work issued in terms of a Supreme Court interdict late 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 R13,5m a day as a result of the strike.

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

The smelter and refineries at the mine were continuing 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 are 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 1,43-million ounces

☐ Reuter reports that Gold Fields' Northam Platinum Ltd said about 180 workers involved in an illegal work stoppage last week had returned to work

Cabinet urged to act on pay rise for mine inspectorate

BD 10/7/96 (211)

Ingrid Salgado

THE Cabinet should urgently prevent the public service commission from blocking a decision made last year to improve remuneration packages in the mine inspectorate, a commission of inquiry created after last year's Vaal Reefs mine disaster has urged.

Despite Cabinet approval of remuneration increases and a subsequent R29,8m budget increase to the mineral and energy affairs department earlier this year, the increases had been "frustrated" by the public service commission, the inquiry found

Chaired by Judge Ramon Leon, the inquiry was appointed to make recommendations which would prevent accidents like the Vaal Reefs disaster recurring

It followed a joint inquest-inquiry into the causes of the Vaal Reefs accident which occurred when a locomotive plunged down the mine's No 2 shaft, killing 104 mineworkers travelling in a cage

The inquiry found that better remuneration packages should be implemented "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 defied 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 employee organisations, has made 60 recommendations in all.

They cover haulage and transport accidents, the accident reporting system and the shortage of personnel to administer this 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 included:

- 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

...Volker said his party was not

Miners desert NUM for rival union

CT(BR) 16/9/96 (211)

By Jonathan Rosenthal

Johannesburg — Disillusioned National Union of Mineworkers (NUM) members at Gencor's gold mine in Kinross are swelling the ranks of the United People's Union of South Africa (UPUSA)

According to Lucas Bornman, the human resources manager for Kinross, 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 recognise the union

UPUSA's access agreement with Kinross stipulated that it would have to prove membership of 40 percent of the workforce before it could be granted recognition, said Bornman

However, Khumalo contested Bornman'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

☐ See Business Watch, Page 16

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 — Beatrix, Kinross, 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

Mine tables a revised offer

Renee Grawitzky

BD 25/7/96 (211)

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 at Venetia mine, where a merit award system had been in place for some time, the offer included 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

(211) ST(BT) 28/7/96

By JULIE WALKER

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 R418-million will be satisfied from retained earnings, dividends will be maintained in real terms through capitalisation awards

The South Reef is only 10cm wide in places and the target portion of 18,7-million tons lies between 1 700m and 2 000m below surface

A recovered grade of 10,3g/t is expected over a 100cm stoping width. Commencing in 1999, full production will be reached in 2002

Should the gold price fall and render the 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

JOHN BROWNRIGG

higher proportion of lower grade surface material

Western Areas suffered an underground fire which resulted in 200kg of lost gold production Problems with backfill at a high-grade ore section of South Deep resulted in a lower head grade to the mill Management expects 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 1 241kg This led to a R12,4-million profit for the june quarter against a R1,8-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 R73,6-million, a third higher than in the March quarter, but gold production fell by 9% to 8 174kg 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 Forzando coal project is 95% complete and production is at 90 000 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 Doorstfontein, which could yield 600 000 tons of low-phosphor coal a year Its feasibility will be determined by yearend

Progress at the Nkomati mine is on schedule, while Avmin has also secured prospecting rights to six areas in the Zambian

Go-slow strikers kept from work

31/7/96 BD (211)

Nicola Jenvey

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 Dumisani 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 work force 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 R550 monthly subsidy, B-band R700 and C-band R1 200. Nyawo said the company's offer of R620, R790 and R1 532 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 find common ground on future

(210) CT(BR) 23/10/96

Andi Spicer
Mining and Resources Editor

Johannesburg — South African mining houses and the ANC have found areas of agreement on the future of mining in a Green Paper that was delivered to Penuell Maduna, the minerals and energy affairs minister, last Friday

The paper was produced by a tripartite steering committee comprising industry, labour and government, a source close to the negotiations said yesterday

The source said co-ownership of mineral rights between the state and private companies, and greater access to geological and economic information about mine deposits were accepted by all sides in the paper

The steering committee was set up last year to thrash out mineral policy after mining houses criticised the ANC for making policy without discussion with industry The seven-chapter document could form the basis for a White Paper next year if accepted by the minister, leading to a new minerals law

"There has to be a decent period for Maduna to mull it over and possibly make changes The ball is now firmly in his court I expect that the paper will be made public in the second week of November," the source said

There were only two areas where the committee could not find agreement The first was the promotion of black empowerment through co-determination and the second the future of Sunday work on mines

Industry is strongly opposed to the suggestions by the trade unions that co-determination along the German model, where workers participate in board decisions, be part of a minerals law Trade unions, in turn, are opposing Sunday work and seven-day working schedules

"But, both these are not core minerals policy," a minerals policy analyst said

Before the ANC was elected to power, the mining industry was worried that a radical policy centred on nationalisation and state ownership of mineral rights would be the main thrust of government policy

However, the Green Paper has emphasised the close co-operation between the government and industry over the wealth-creating role of mining, which could bankroll the ANC's development programmes, a Johannesburg mining analyst said yesterday

But there has been criticism that the paper is not radical enough "It has failed to grasp the nettle firmly and confirms the status quo on mineral rights There is still a raging debate on the market for mineral rights, although it is not now about nationalisation any more," the policy analyst said

The paper also discusses taxation and the regulatory climate, minerals beneficiation and marketing and small-scale mining Mine health and safety, housing, migrant labour and industrial relations are also included

Chamber changes its focus

Reinie Booysen BD 6/11/96 (210)

THE Chamber of Mines of SA had 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 forums 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

Incoming Chamber of Mines president Nick Segal was interviewed by **Reinie Booysen**

(210) BD 18|11|96

JCI director Nick Segal takes up his appointment as Chamber of Mines president at a delicate time in the evolution of the SA mining industry, and the job will no doubt require patience and sensitivity in the year ahead

For the first time in its history, key decisions about the industry's operating environment lie in the hands of a black (ANC) politician, Minerals and Energy Minister Penuell Maduna, at a stage when virtually every law in the land is up for review

"Nationalisation of the commanding heights of the economy" may not be on the ANC's legislative programme any more, but then there are many other policy changes ahead which could have an effect on the mining industry.

The chamber has repositioned itself so that its core efforts are devoted to lobbying Nevertheless a number of important issues, notably black ownership in the industry, fall outside the chamber's remit, and Segal will play no role in this regard

Segal's core agenda will include many other substantial issues — such as mineral rights policy, environmental responsibility, safety and labour

He has already been closely involved in several of these, having been a vice-president for the last two years and having represented industry in the national steering committee — which included mining employers, employees and government — tasked with drafting the proposed green paper on mining and minerals policy The paper is complete, but unpublished

Segal says the process, under the chairmanship of the ANC's Marcel Golding, was helpful for all sides concerned "We made huge progress on defining what the issues are and which issues are in contention, while ensuring that we did not throw away the bits of the existing legislation which were good," said Segal

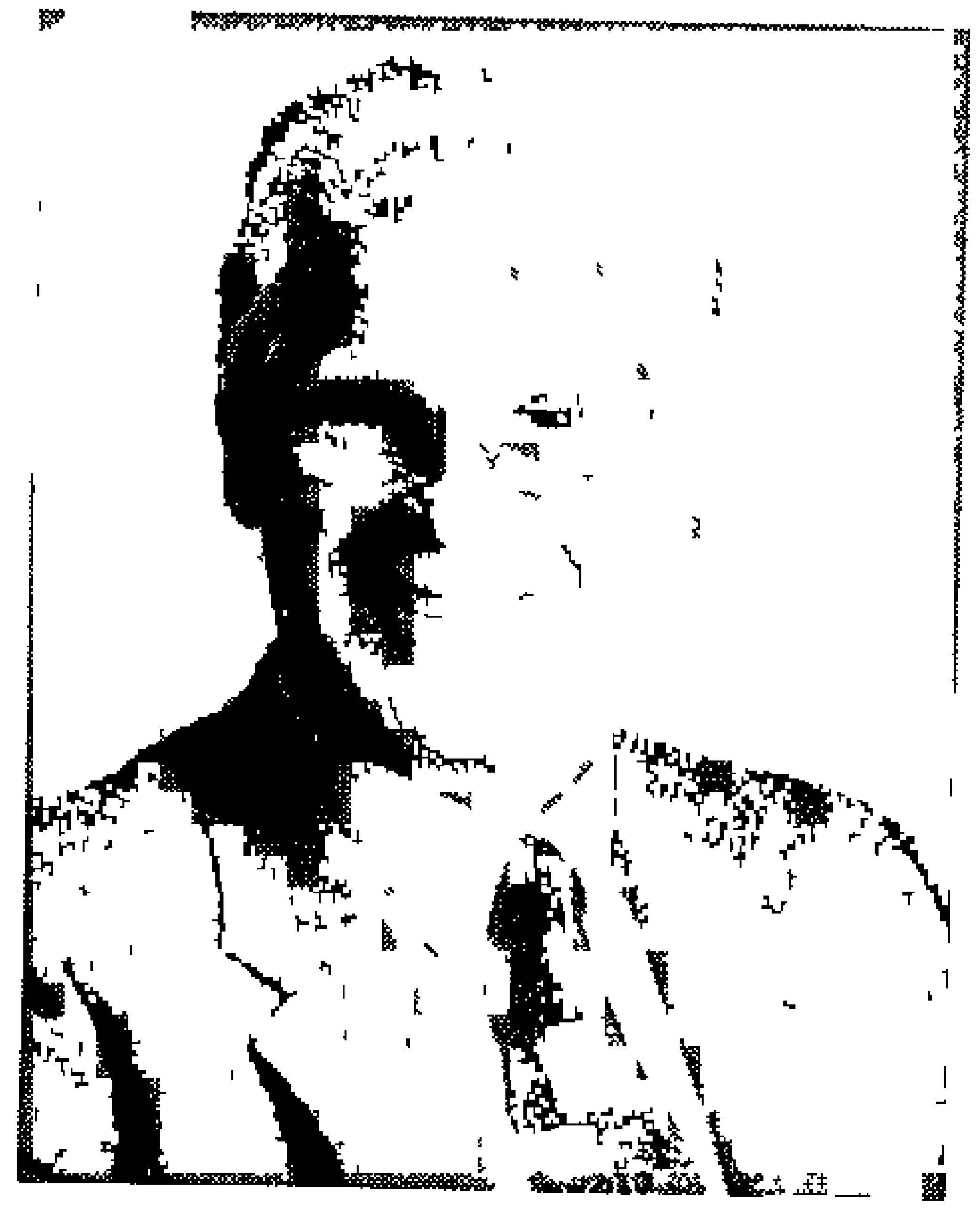
"At the end, there were less than a handful of issues on which there was still disagreement, and the various points of view were clearly articulated in the paper "

Among the contentious issues was mineral rights policy — but even this disagreement was narrowed after concessions from several participants The industry's own position is more flexible than it used to be; in the face of inevitable change, it chose the route of conciliation in the hope that it might influence the path ahead

Segal says he will continue to argue "very firmly" for retention of the existing dual system of ownership, but a changed system for managing the privately owned mineral rights, to make it easier for new owners to obtain access to rights which are lying fallow

The existing law, passed in 1991, which empowers the minister to dispossess mineral rights owners who sterilise their rights against the national interest, has never been utilised — largely due to uncertainty about the exact procedures and criteria to be observed

Segal is strongly opposed to the imposition of a tax on mineral rights, as a means of encouraging exploitation "With multiple ownership of mineral rights in the same property, taxing the rights could be fiendishly complicated On top of that I would question the constitutionality of a measure which could be characterised as being designed in effect to expropriate property "



SEGAL

These are among the core issues which will engage Segal's attention His broad goal at the chamber is "to establish confidence in the employers' integrity and bona fides, and recognition that we are committed citizens, and to contribute towards securing the future of the industry We should like government and other stakeholders to respect our integrity and our motives, and this must be reflected in the quality of our relationships My predecessors have done a lot in this regard, and I would like to continue that The mining industry does have an image which needs improving "

While helping to shape an understanding between the mining industry and other role players, Segal says he must ensure that "their expectations are realistic"

"Our industry is immensely complicated, and we cannot change things overnight, but we do realise that there are very significant political and market forces operating around us "

While realising that "we cannot expect the new minister to agree with everything we say", Segal says he is looking forward to dealing with Maduna "I can confirm unequivocally that the industry welcomes having an ANC minister of substance, integrity and clout "

He knows the road for corporate SA has not and will not always be easy

"The huge pace of change in this country has been difficult and costly to adapt to Managerially it has been very demanding, and I feel many of the public policy decisions which are being taken are not always soundly based on economic realities. In seeking to achieve its growth and redistribution goals, government must not do so in a way which damages the country's competitiveness The corporate sector has bottom lines, and government must take account of that "

For the next year Segal will juggle his chamber responsibilities with the work he does as strategy and corporate affairs director for JCI "JCI and (JCI MD) Bill Nairn have been very supportive in making it possible for me to play a proper role in the chamber "

A chemical engineer (Wits University) and economist (Oxford) by training, Segal returned to SA in 1992 after 26 years abroad His overseas career included a stint at the World Bank, as senior economist in the India division He also directed the UK government-funded strategy exercise for the old industrial region of northern England, and established an international management consultancy, Segal Quince Wicksteed, based in Cambridge

He was schooled at Parktown Boys' High, and his early career included a stint at the Atomic Energy Board He is married to Diana, and their daughter Tessa is 15

Junior vs Giants

(210)
MtG (mm) 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 Zambia 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 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 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· 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 privatised 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 irons 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 Rooiberg 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'

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 Letaba 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'Okiep Copper Company in Namaqualand

From other operations, Metorex sells manganese dioxide to Anglo American and Anglovaal

Towards the end of next year, Metorex is also looking to list a coal junior It took over what Malone describes as "the debacle of the Side 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 nationality 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 *skelms* (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

Junior vs Giants

(210) M+G (prom) 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 Zambia 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 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 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 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 privatised 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 irons 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 Rooiberg 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'

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 Letaba 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'Okiep Copper Company in Namaqualand

From other operations Metorex sells manganese dioxide to Anglo American and Anglovaal

Towards the end of next year, Metorex is also looking to list a coal junior It took over what Malone describes as "the debacle of the Side 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 nationality 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 *skelms* (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

(210) BD 27/11/97

Reinie Booysen

THE SA mining industry has been hit with the second large timber price rise in two years, a result of the weakening of the rand coupled with increased pulp demand and reduced timber availability

Mining and timber industry sources said SA's plantations had been hit severely by the drought of the early 1990s, and timber availability was further dented after Sappi expanded Saiccor, its dissolving pulp mill, in 1995.

The plant's capacity grew from 450 000 to 600 000 tons a year, leading to substantial new demand for timber.

An industry source said at the weekend the weakening of the rand had resulted in significant increases in the export parity prices for timber products and "placed severe upward pressure on mining timber prices"

With limited timber availability in SA, timber processors appeared to be favouring pulp outlets locally and abroad, as well as wood chips for export

Gencor's gold division, Gengold, has seen its timber prices rise 24% this year, although this is the first price hike in two years.

Other mining houses were hit by price increases of 22% to 27% last year. This year, some have also had price increases of just less than 10% Officials declined to disclose their actual price levels "The mining timber price is ruled by the price of pulp, locally and internationally," an official said

The mining timber market — which is dominated by the two large forestry products companies, Mondi (via HL&H's hardwood division) and Sappi (through Sappi Mining Timber) — has also declined in importance to timber processors over the past two decades due to the shrinkage of the SA mining industry

Timber is primarily used for mine support purposes, but some mines are now being forced to evaluate alternative roof support methods

At present mining timber constitutes only 14% of SA's total hardwood timber demand of just more than 10-million tons a year Pulp takes up 68% and wood chips for exports 15%.

Sources said the timber industry faced a dilemma: while export prices for timber products like pulp and wood chips may be attractive — relative to the domestic prices for mining timber — this situation might not last forever.

"If we abandon our mining timber customers by raising our prices to export parity levels, we might destroy some of our domestic customers," one source said "Some time in the future, however, the export market could take a severe slide, but we might have no alternative as the size of the mining timber market may have shrunk even further."

Another source said the big question was "whether SA can export all of its timber all of the time. That is unlikely, but if the answer is yes, export parity prices are likely to manifest themselves over time in this country."

Epochal deal gives blacks big stake in SA mining

ST(BT) 23/2/97 (210)

The African Mining Group adds the finishing touches to its JCI claim, writes THABO KOBOKOANE

ANGLO American and the African Mining Group on Friday sealed a historic deal which gives black business a significant stake in the SA mining industry for the first time

Mzi Khumalo's Capital Alliance-led Africa Mining Group completed the acquisition of a 34 9% stake in JCI for R2 8-billion The deal sets the scene for a bid by the consortium's to buy Anglo's remaining 12 7% stake in the mining house, giving it unfettered control of JCI AMG has been given the right of first refusal to the stake for a period of five year

The JCI board will be reconstituted in March and Khumalo appointed as chairman

"We've complied with all of Anglo's conditions and the deal is done," Khumalo said

The deal was struck in the late hours of Friday a full week ahead of the February 28 deadline

Khumalo outlined the broad details of the deal, namely that Saflife, the listed life assurance company which controls 25.9% of Capital Alliance Holdings, will be the vehicle through which the deal is done

Saflife will raise R1 4-billion of the money while other funds have been secured from institutions believed to be Investec, SBC Warburg and Standard Corporate Merchant Bank are underwriting the remaining amount

This is ostensibly to give smaller members of the AMG the opportunity to participate

Further details of the transaction will be released tomorrow

Saflife will soon announce details of a rights issue of additional shares soon to finance the transaction

The deal, the second largest empowerment deal ever following the National Empowerment Consortium's acquisition of a 35% stake in Johnnic for R3-billion, heralds the entry of black business to the mining industry JCI is South Africa's sixth-largest mining house and controls three gold mines, HJ Joel, Western Areas, and Randfontein — the latter two considered among the most profitable in the country

The acquisition effectively increases the market capitalisation of black controlled or managed companies on the JSE to about R30-billion, based on Friday's trading prices — slightly over 3% of the JSE's total capitalisation. And taking into account Johnnic's interests in other listed entities, this figure is close to 11% of the JSE's market capitalisation

The deal sets the stage for the AMG to exercise its option to buy the remaining 12 7% Anglo stake in JCI, which is housed in De Beers, Anglo's sister company The 12.7% would increase AMG's stake in JCI to 47 6%

Khumalo this week confirmed AMG was talking to Anglo on the 12 7%, but said these negotiations were separate from the initial tranche of 34,9%

The 12 7% stake would give AMG "unfettered control" over the JCI business, but it would require approval from the JSE's Securities Regulation Panel in order to exempt the AMG from making an offer to minorities The SRP granted this in the Johnnic deal.

The deal did not come easily and Reuel Khoza, chairman of AMG, said in an interview with Reuters this week there had been problems raising the finance.

"We have been talking to a number of institutions Some are positive, others don't see their way clear And we cannot at this stage say which are which," Khoza said.

The financing problems were compounded by the high premium Khumalo and AMG agreed to pay Anglo American.

Last year AMG and Anglo announced that the consortium would buy 34 9% of JCI at R54.50, outbidding a group led by Cyril Ramaphosa's New Africa Investment by 50c a share. The AMG price was a 17% premium on the closing price of R49 when the deal was struck. Since then the gold price and JCI's share have moved down, although JCI picked up steam this week.

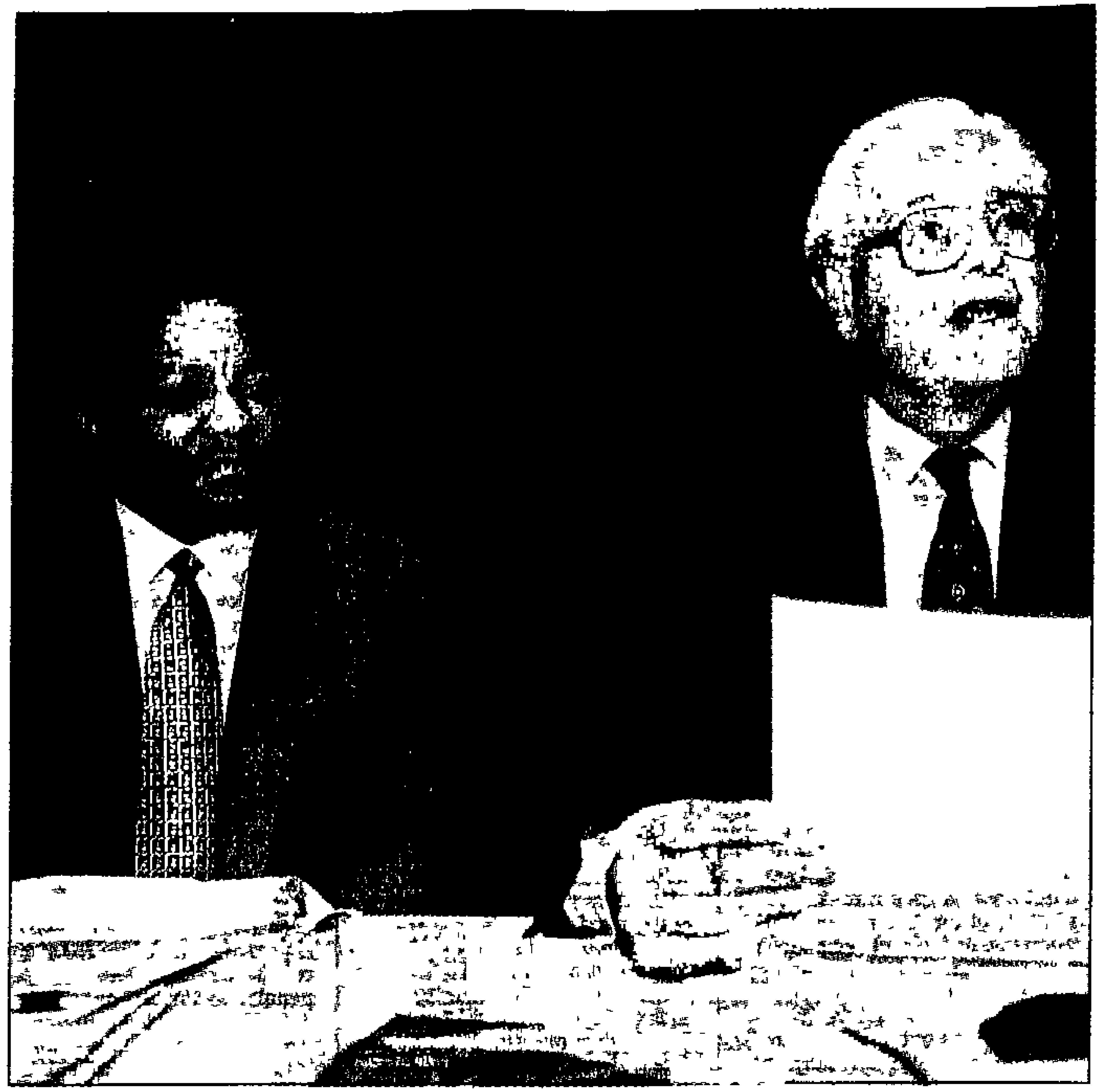
Thebe Investments pulled out of the AMG last month, leading to speculation that the consortium would struggle to raise the finance.

Capital Alliance issued a rights issue offer two weeks ago, leading to speculation that AMG was unable to raise the money

A reticent Khumalo denied this was the case, but admitted AMG was talking to Anglo about the remaining 12 7% stake

The premium — which increased with the declining JCI share price — was certainly too high for smaller AMG members

The AMG is made up of Capital Alliance Holdings, Reuel Khoza's Co-ordinated Network Investments, African Renaissance, Corridor Development Corporation, Khotso Investment, Northern Corporate Investment and Women's Development Bank Investments Holdings, headed by deputy president Thabo Mbeki's wife Zanele.



EXCHANGE OF POWER ... Mzi Khumalo, future chairman of JCI, and Julian Ogilvie Thompson of Anglo American, pictured last year when the deal was agreed to in principle

Mining deal lauded

(210)

Sowetan 24/2/97

By Isaac Moledi

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 Ramaphosa 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 the country's economy," said Mthembu

Eric Molefe, whose company Midlands 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

(210)

Sowetan 17/3/97

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 Motlatsi 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"

Controls too severe — mines

BD 18/4/97 (210)

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 1993 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

He 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 regulation," 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 squeakiest 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

CT(BR) 12/5/97

(210)

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 prize mining concessions, wrong-footing its South African rivals, Anglo American, Gencor and JCI. AMF 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 there were still negotiations between De Beers and Kabila's forces A De Beers official, Nick Davenport, 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, favoured competition.

Analysts, invited 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 Boulle, 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 SA mining industry

SA mining companies can play a major developmental role as they spread operations into the African hinterland, says Chamber of Mines president Nick Segal

(210)
BD 9/6/97

ALTHOUGH SA gold production has declined and the industry faces serious problems, it is a myth that the industry is moribund New energy coursing through the SA producers will ensure their powerful presence for years to come, based not only on domestic production but also on external operations

Mining in SA, and gold mining in particular, has had a profound impact, felt way beyond the national frontiers Starting in the 1890s, labour recruitment penetrated thousands of kilometres into the continental hinterland and in so doing laid the basis of much of the transport infrastructure that continues to serve the region

A new phase has been entered Where once there was vigorous recruitment, more recently there has been significant retrenchment. We see investments by SA companies not only in local mines but prospectively even more in mines outside the country

This changing perception and role of SA mining in the subregion is sharply evident in Mozambique

The question asked of South Africans by government ministers is not "How long will you continue to employ our 65 000 nationals?", but "What investment are you going to bring to our country?"

Why is SA looked on now less as a recruiter and employer and more as a source of investment capital, management and technology? The answer lies in three broad domains

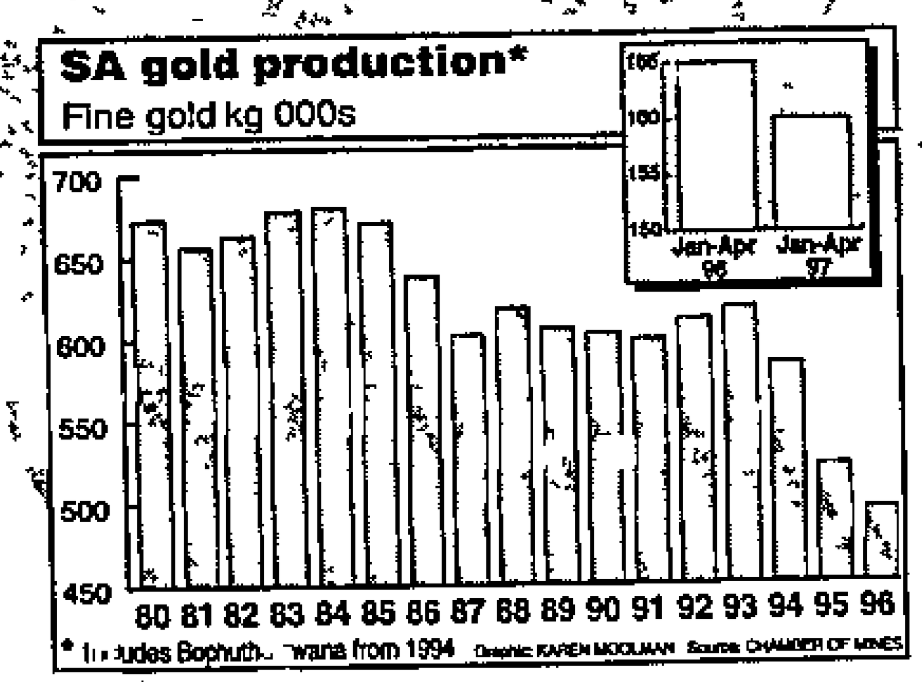
The first of these is the changing global and regional climate post-cold war, post-apartheid, post-socialism, the radical changes in thinking worldwide about the role of government in economic development and the huge effect of computer and telecommunications technologies This has led to transnational flows of capital, technology and skills

Greater receptivity to foreign investment is the second dynamic This is linked to the altering circumstances identified, but is also associated with the Afro-pessimism that has persisted over recent decades It is the upshot of the recognition in many African countries, and in donor nations, that something urgent needs to be done to elevate Africa into the development game

During the 1980s the World Bank identified mining as the sector with the most potential to kick-start development in Africa. The sharp upsurge in exploration activity, involving many of the world's major companies as well as the new breed of "juniors", is testimony to the growing recognition of the potential

The third number for the SA mining industry looking outward to Africa and beyond is the changing economics of mining in SA itself Because it is pertinent to the developmental role mining can play in Africa, it is worth reflecting on mining's contribution to the modernisation of SA's economy over the past 120 years

Nick Segal 'South African producers will [illegible] their powerful presence for years to come'



There is at least still as much gold underground as has been extracted since the start of modern mining in the 1880s Why then has SA gold production dropped steeply over the past few years? Last year it was less than 500 tons, down from 1 000 tons 27 years ago

Clearly, there is a big prize to be won by finding the means to mine the remaining deposits of gold profitably The most obvious impediment is depth. New mines now have to go down to at least 3 500m, and there is serious talk of mining at 5 000m.

Even though shaft-sinking technology enables a single shaft drop of 3km, going to those limits is expensive And at 3 000m, rock temperatures of 60°C are standard. This makes cooling and ventilation quite daunting

The consequence of these phenomena is cost Grades — ounces of gold per ton — are also not as good as they were Where grades are good, ore bodies are deep

SA's political transition has understandably added cost to operating a mine or any other commercial enterprise Government, quite properly, is rewriting the statute book in every economic and social sector The new provisions have cost implications

Further, there has been insufficient success in overcoming obstacles which impede operational efficiencies in the use of both capital and labour For various reasons, gold mines operate for only about 75% of the working year There is no economic sense in an operational environment in which equipment worth billions of dollars is not put to productive use every day of the year Yet many obstacles presenting such efficiencies remain in place

As far as labour is concerned, it is only in the past few years — liberated by the collapse of apartheid — that management has been able to think creatively about how to work smarter and not just harder There has recently been some innovative re-engineering to enhance labour productivity But industrial relations practices have not facilitated rapid diffusion of those best procedures to all parts of the industry

Another major variable, that of price, is highly relevant to the future of the industry The current price is so low it is threatening to put some mines out of business

But about $3bn in new investment projects are on gold mining company drawing boards At the right price, and provided deep-seated productivity problems are overcome, these projects will proceed and production will remain not too far below 500 tons a year

Revitalisation naturally finds expression too in the vigorous pursuit of business involvements outside SA. Numerous new gold projects, virtually in all continents, with shallow ore bodies and, say, between five and 15-year lifespans have come on stream in recent years, and the potential for more is huge The shallowness of the deposits makes it feasible to extract at a cost sometimes below $200 an ounce With important exceptions, SA gold is procured at not much less than $300 an ounce

Although Africa is a key target, the net is necessarily being cast much wider

The focus on Africa is being accompanied by other components of the country's capabilities banking, technologies, standards, equipment supplies, consulting engineering and the like Foundations will be laid in many countries for the kind of development that was fuelled by the discovery of gold on the Witwatersrand

For SA, economic growth on the rest of the continent is of crucial importance Without it, far too many people will want to find their way across our frontiers in search of employment

We are also confronted by common problems balancing interests of modern mining with those of subsistence miners, striking an equitable relationship between mining and the environment, and dealing with AIDS We will find it easier to solve such problems if we confront them collectively

Remarkably few countries blessed with rich natural resources have capitalised on them to the best long-term advantage Seldom has the policy mix correctly used success in one sector as a lever for prosperity in others

The US and Canada, and in recent times Malaysia and arguably Indonesia, provide examples of getting it more right than most SA is positioned at the other end of the continuum It is not just that apartheid impounded so many resources and had so many distorting policies From fairly early this century, SA introduced foreign exchange controls, high protective tariffs and a variety of other "anti-economic" policies and structures The effect was that it became extremely difficult for other competitive industries to emerge And because mining was so successful, and because it earned so much foreign exchange, there was a high exchange rate — making it all the more difficult for an internationally competitive manufacturing sector to get established

Behind the protective tariffs a supply structure has emerged in secondary and tertiary sectors which is highly inefficient This is now being changed as government's more liberal policies expose domestic producers to international competition It is imperative not to lose sight of the need to establish the correct policy mix

☐ *This is an edited version of a speech given by Segal at an African mining conference in Denver in the US last week*

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

BD 4/7/97 (210)

THE ownership of mineral rights in SA is a complex product of the country's history, going back through the apartheid and colonial periods to the Dutch settlement in the second half of the 17th century. It results partly from a principle of Roman-Dutch law by which the title to land automatically conferred title to what lay below it, as well as from the capacity to separate mineral rights from title to the land. Further, ownership policy differed both among the country's different territories and its different minerals.

In addition, private ownership was not universally permitted but, as with all other facets of SA life, racially circumscribed.

In the context of the current minerals policy debate, these diverse factors had two main consequences.

First, when the African National Congress (ANC)-led government came to power in 1994, the pattern of direct private ownership in the mining industry, and of mineral rights, was predominantly white. (There were, and remain, however, important exceptions in that tribes and traditional authorities own mineral rights directly and indirectly.)

Second, in SA, unlike other major mining countries, all mineral rights are not only state-owned. Some are privately owned and others are held by the state in trust for communities.

Against this background it is understandable that the present government wishes to change the racial bias of ownership, though less so that it seemingly wants to diminish and perhaps even abolish private ownership.

Given the central role the mining industry continues to play in the national economy, it is vital, however, that other considerations are borne in mind.

Private ownership has been especially well suited to exploration, 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 times (now typically more than 15 years) and huge amounts of capital (several billion rands) involved in bringing a new project to fruition, in the case of coal, the large infrastructural 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 these geological and market circumstances, private ownership has given enough security of tenure to bring about the necessary confidence on the part of minerals rights holders for them to plan and commit large sums of capital with very long time frames in mind. This capital investment is not confined 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 to account the country's massive mineral deposits. But it must be recognised that the system has barriers to entry for prospective, and especially small, explorers and miners.

Despite the incontestable 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 pertains to iron in Australia and copper in Chile — might have served SA equally well.

However, universal public ownership is not an option that was applied in the past, and we do not start from scratch in designing a new system for the future.

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.

Further, apart from questions of constitutionality, any arbitrary deprivation of private rights would damage confidence, now and in the future. Under such conditions rights currently held over very deep gold deposits might never be turned to account. The economic benefits that would be lost — given that almost half the country's known gold deposits are still underground — are clearly huge.

Critics of the present distribution of mineral rights ownership with 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 on 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 or is in prospect.

Critics must also acknowledge local experience does not suggest that movement towards a system of exclusive state ownership would necessarily bring improvement. Poor administration by the state has long inhibited development of the mineral rights it owns. There have been, and continue to be, excessive delays, sometimes for as long as five years, in dealing with applications for consent to prospect and for mineral leases in respect of such rights.

By comparison, access to privately owned mineral rights, in which there is an active market, has ensured that development has taken place where justified by economic circumstances.

Clearly mineral rights ownership is a complex and controversial issue which does not lend itself to radical solutions.

It is against this background that one must view the efforts made last year by the government-labour-industry steering committee on minerals policy to develop practical proposals for addressing the problem.

The committee tried to find ways of improving the system of private ownership, essentially by lowering barriers to entry and facilitating effective use of the powers already vested in the 1991 Mineral Act which enable government to intervene where it believes a mineral rights owner is acting against the national interest.

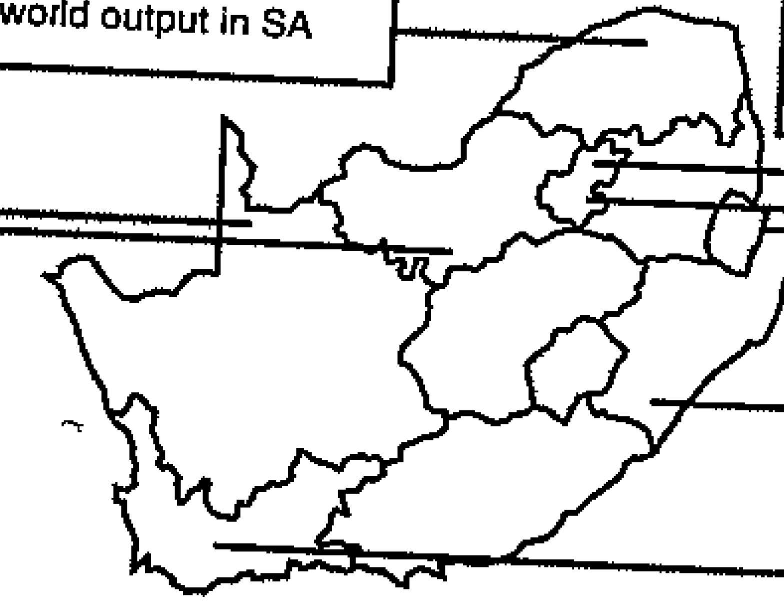
It is a profoundly important and generic requirement of the country's transition that a balance be struck between, on the one hand, righting the wrongs of the past and hastening the meaningful participation in the corporate sector of those previously excluded, and, on the other, building a modern economy capable of competing successfully internationally. Finding that balance demands many factors be taken into account. This must include enhancing not damaging the effectiveness of what is one of the country's few world-class industries.

In presenting his departmental budget in Parliament recently, mineral and energy affairs minister Penuell Maduna appealed to the mining houses and the Chamber of Mines for assistance in finding a solution acceptable to all. The industry looks forward to engaging positively with the minister to this end.

Minerals: a wealth of history

DIAMONDS
- 1867 Orange River discovery
- 1869 Star of Africa found (82,5ct)
- 1888 De Beers Consolidated Mines
- 1908 Namib discovery
- 1926 Lichtenburg/Ventersdorp finds
- 1934 Central Selling Organisation
- 1971 75% of world output in SA

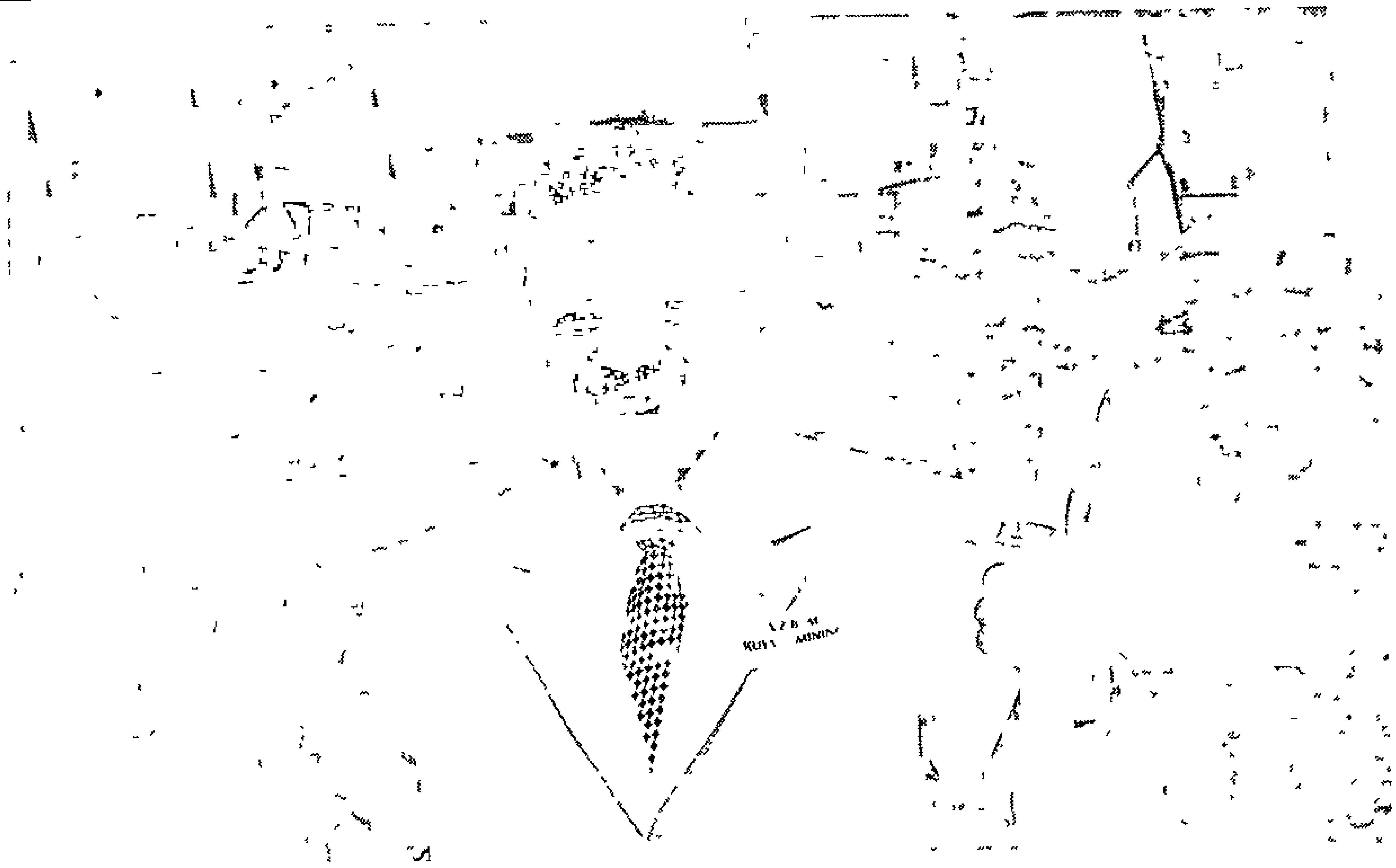
GOLD
- 1873 Pilgrims' Rest development
- 1886 Wits Basin development
- 1917 Anglo American Corporation of SA
- 1932 Gold Standard abandoned
- 1933 Free State and Klerksdorp Gold Fields
- 1967 Unofficial height of SA industry



PLATINUM
- 1924 Hans Merensky finds Bushveld Complex
- 1925 Rustenburg and Potgietersrust Platinums mines
- 1960s Impala Platinum, Western Platinum and Atok
- 1971 Platinum market collapses

COAL
- 1864 Molteno-Indwe coal field in the Cape
- 1880 Natal Coal Fields
- 1887 Reef coal mines
- 1897 Vereeniging Estates (now Amcoal)
- 1955 Oil from coal
- 1976 Richards Bay Coal Terminal

Source: BUSINESS DAY RESEARCH



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 PINNOCK

Mining 'behind on black participation'

BD 4/7/97 (210)

Patrick Wadula

THE mining industry was lagging behind other sectors of economy in involving black participation within its ranks, Mineral and Energy Affairs Minister Penuell 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 co-operation 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 Ikageng Share Scheme, introduced by the National Empowerment Corporation (NECorp), 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

SA mines dig deep to survive crisis

(210)

ST(BT) 6/7/97

Mining industry analysts predict the worst gold results in SA's history, writes JOHN CAVILL

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 $323 — it recovered slightly to a close of $324,50 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 Union 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 Reuter

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

"If you agglomerate all the mines' results it will be a net loss (this quarter) We have never had that before," 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

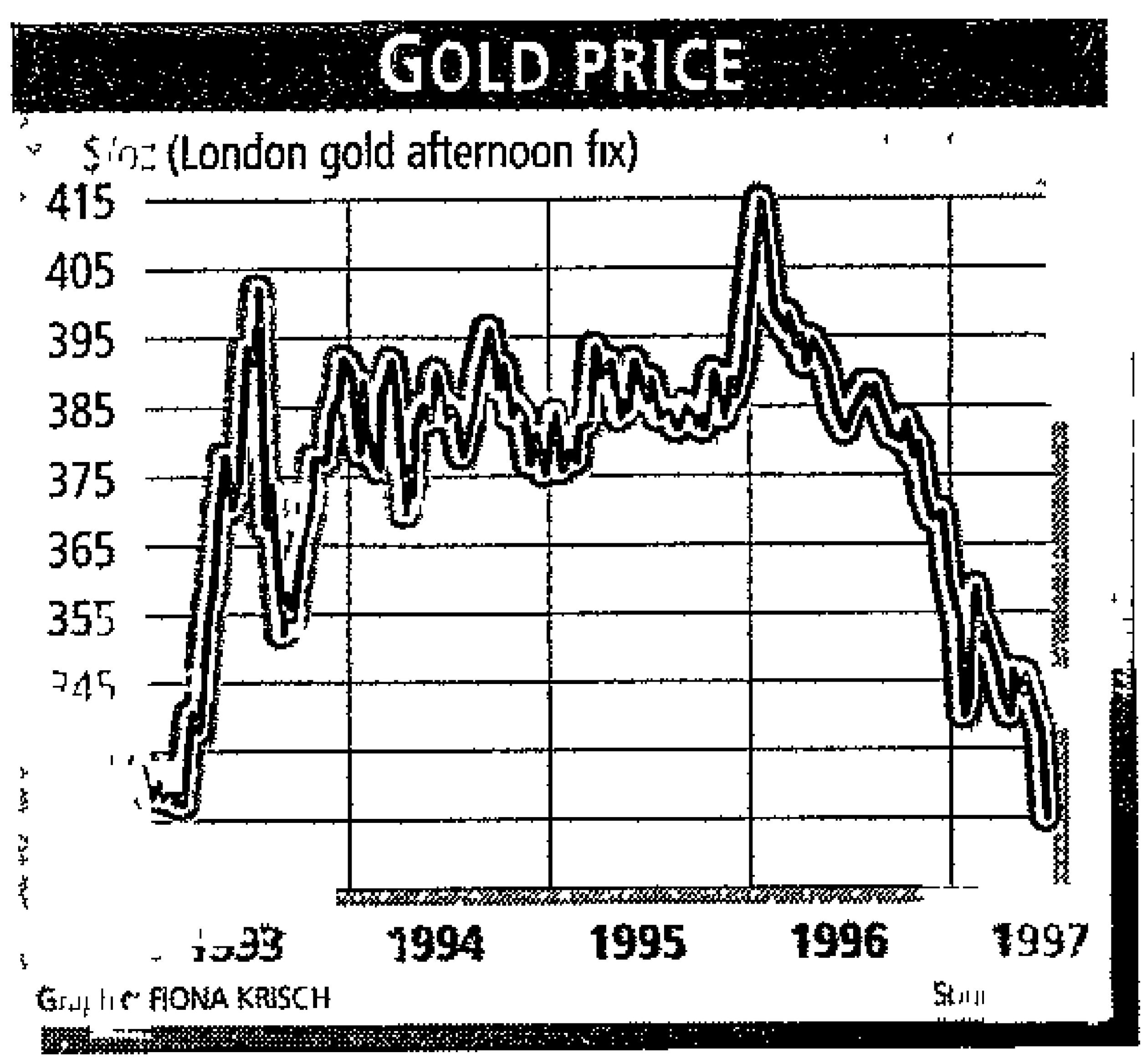
If the declining dollar gold price is not absorbed by a weaker rand, which economists regard as highly unlikely, losses at marginal operation could escalate, forcing management to evaluate the viability of those mines

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 1968 — 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]

Subsidies to Sasol/Mossgas 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) Mossgas if not, why not 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 $16 0/bbl by July 1999 based on the Arthur Andersen report recommendations

SA goods: under-invoicing/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 Tariff 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
- 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 minedumps 210

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

(1) Whether his Department has given a certain company its approval to continue with slimes dumping at minedumps bordering Fleurhof, Mzimhlope 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 7/96 to Consolidated Main Reef Mines and Estate Limited (CMR) on 22 November 1996 Said licence covers the reclamation of several mine residue disposal sites as well as the recommissioning 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 dumps concerned and the recommissioning 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 recommissioning 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 Civic Association were made to the Director-General Minerals and Energy to reverse the approval of the EMP Those 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 me

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 dams within the city area
- In as far as the reclamation of residue 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 applicant's 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/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 respirable 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 radionuclides 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 deterioration 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 cognisance of the positive environmental impacts that would result from the reclamation 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 to 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? N1577E

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 and 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 reflection 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

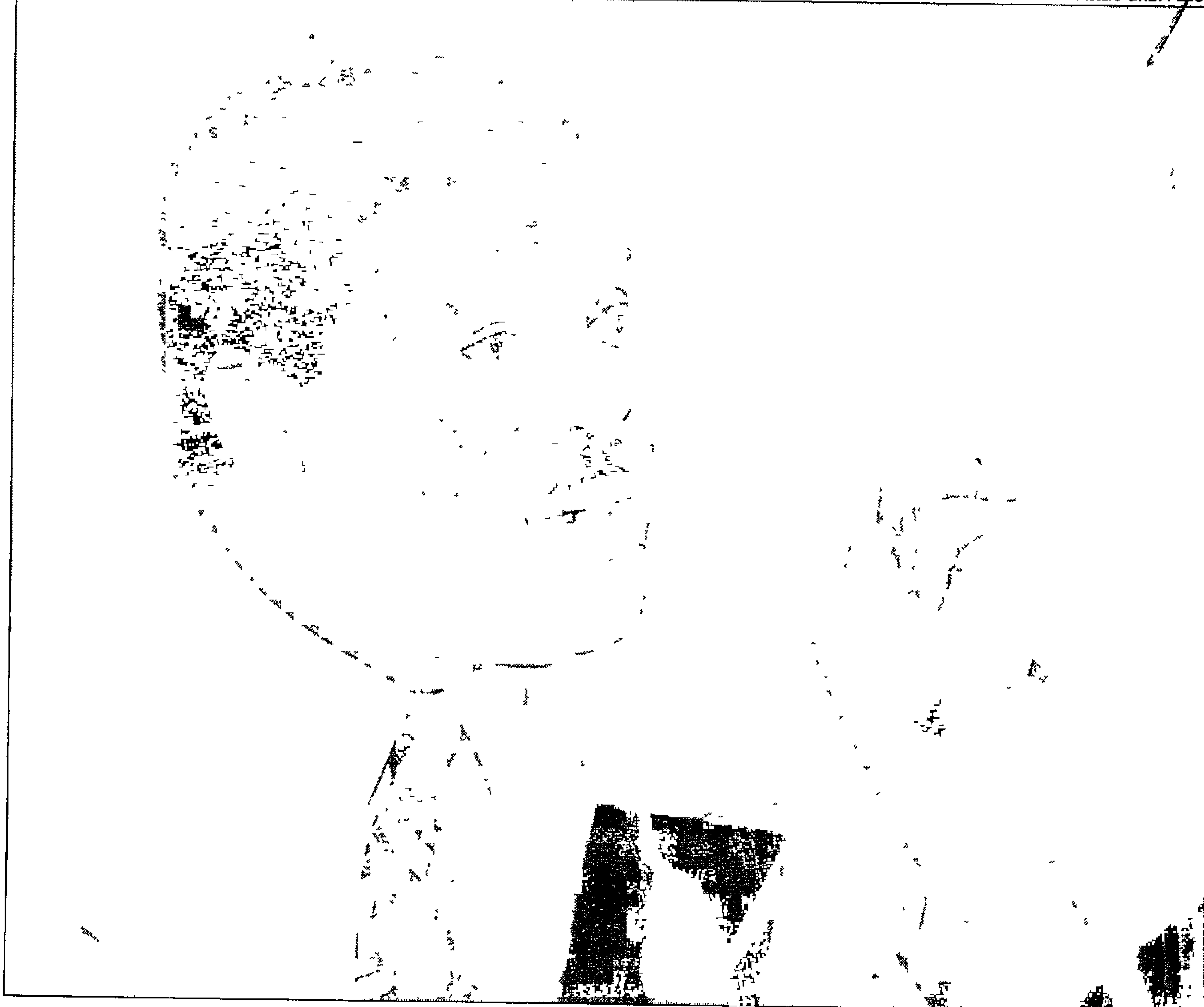
In the meanwhile, we have initiated specific programmes, such as the Students and Youth into Science, Technology Engineering and Mathematics (SYSTEM) to increase the pool of school graduates with Mathematics and Physical Sciences, and to increase the number of qualified Mathematics and Physical Sciences 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

Picture BRETT ELOFF



REDRAFTING POLICY ... Penuell Maduna is out to correct past injustices over who owns mineral rights

Maduna set to challenge mines

(210) (BT 7/9/97

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 Penuell 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 wished 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 sterilised 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*

MAIL & GUARDIAN
September 12 to 18 1997

Miners are doing it for themselves

MTG 12-18/9/97 (210)

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

Running a 'money' mine: Wendy Gobey, Joseph Ndaba and Ayanda Bam. PHOTOGRAPH: SIDDIQUE DAVIDS

Ayanda 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 finances 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 eventually 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 Ikhwezi 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 worth 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

'We are a strange company that started with nothing except our expertise and experience, but today we are worth well over R10-million'

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 Ikhwezi 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 guaranteed 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 Ikhwezi 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 those realities I wouldn't say the environment is 100% safe with us, but we always try our best," says Sibeko

Teamwork will see Kuyasa developing into a mining giant Already, 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

CT (BR) 29/9/97 (210) (EF)

SHERILEE BRIDGE

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 ignored the correct consultation processes when drawing up the environmental management programme report on the proposed Sigma North-West coal strip mining operation

The report was submitted to the department of minerals and energy on Friday

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 39

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 Duthie, the project leader at Walmsley Environmental Consultants "The period during which property prices may be affected has effectively been reduced," he said

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 Rietspruit wetland area, which supports about 15 rare and endangered species

However, the report claimed the wetland was of low conservation status and played no significant role in sustaining waterflows in the Rietspruit or promoting water quality

Ensuring the community is left better off

SA mining firms involved in African exploration are being forced to take more interest in social and environmental issues which arise from their activities, writes mining reporter **David McKay**

BD 30/9/97 (210)

ENGINEERING consulting companies say increased scrutiny from the World Bank, stemming from mistakes particularly in developing hydroelectric projects in China and southern Asia, has led to increased awareness by multinational firms of how they tackle the social and ecological issues

Gold Fields Ghana is typical It handled the resettlement of a community of about 20 000 people in the proposed development of the Tarkwa Gold Mine in western Ghana It was a programme which seems to have been a success

MD Helgo Kahle says this was "a major challenge" as the relocation presented the problem of not disturbing the social, cultural and economic activities of the community Given tight financial restraints it was "a particularly onerous task", he says

SA consulting engineers specialising in this increasingly important discipline believe locally-based mining companies should expect more of these problems, as any project that does not have a strong environmental and societal aspect can become a target for protest groups.

Consult Four is a company which evolved out of the Lesotho Highlands Water Project, comprising consulting engineering firms Ninam Shand, Steffen, Robertson & Kirsten, VRK and Keeve Steyn The companies decided to extend the partnership to compete for offshore projects involving a number of technical aspects of project work.

CE Jim Richards says the objective in relocating a community to make way for a nearby mining project is that the community has to be "better off" than it was before the project began This is a tall order, but he believes any firm ignoring this requirement can be sure of attracting the opposition of pressure groups

While there is some cost in making sure that non-mining aspects of the project have been dealt with, the eventual cost of ignoring such issues can be much greater In general, SA mining firms were coming round to this point of view, he said.

Other aspects which needed to be considered in these environmental and sociological studies was whether fresh water sources could be contaminated by mining activities, Richards said.

Tailings stockpiles could create havoc for the environment if the climate in which the mining takes place is windy. "There are a number of variables which have to be taken into account, but a properly managed programme is usually the most cost-effective," he said

Steffen, Robertson & Kirsten's Andy Spitz said mining companies had started to become more sensitive to the need to take community interests to heart

These interests sometimes involved the emotional trauma caused by mining activities in an area inhabited by the community for generations The effect of the settler community could also have a significant effect, Spitz said

Having to share what were sometimes scarce natural resources, such as water and food, with the representatives of the mining firm, was difficult Many of the communities affected by mining projects often did not derive any benefits

Gold Fields Ghana believes it has improved the quality of life of those affected by the extension of mining at Tarkwa In the case of the Atuabo-Mandekrom and Sofo Mensah regions of the Tarkwa project, Gold Fields Ghana has offered a higher level of public facilities, where in the past sanitation and refuse facilities were virtually non-existent

There were only six potable water sources for 8 000 users, while housing materials usually consisted of mud and bamboo This had changed, with communities due to receive houses made from sandcrete, Kahle said.

Farm owners were offered compensation packages for relocation with interim and new agricultural areas to be provided in future

Kahle said the entire programme had cost the company \$27m, but it is "the single biggest direct cash injection the community has ever seen".

Ultimately expenditure of this size was motivated by the belief that developing a relationship with the community was "fundamental to the long-term success of the project", he said.

SA's mineral projects are worth R30bn

(210)

BD 3/11/97

Hilary Joffe

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.

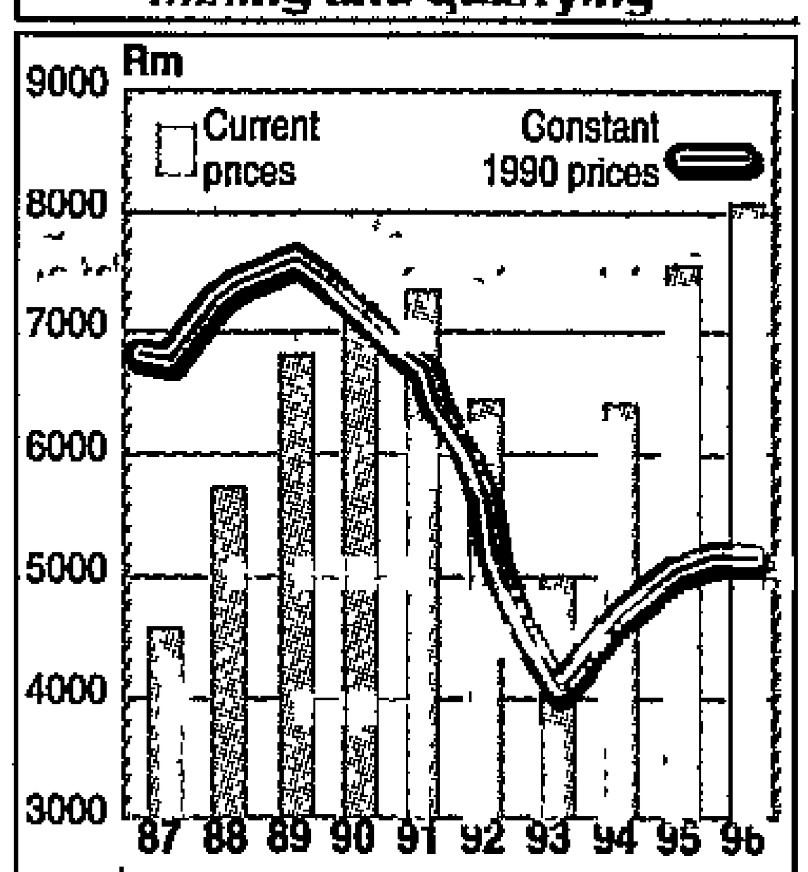
Minerals Bureau director Thibedi Ramontja said the figure represented current approved projects, but a further R51bn of minerals-related projects was possible in the next few years.

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 R12,8bn of project spending compared to R17bn on primary minerals. Of this, R9bn is being spent on gold mining developments such as Anglo American's R2,8bn Moab shaft at the new Eastvaal mine, Phase I of JCI's R2,7bn South Deep. Coal projects account for a further R2,9bn and platinum for R1,3bn.

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.

Gross domestic fixed investment: mining and quarrying



Graphic: KAREN MOOLMAN Source: MINERALS BUREAU

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 Penuell 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) BD 5/11/97

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 multicommodity 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 sales 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 Penuell 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

BD 8/12/97 (210)

David McKay

MZI Khumalo and Brett Kebble, who are due to end their vexed partnership at a JCI board meeting tomorrow, will first 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 unbundles 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 nonexecutive 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 enmeshed 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 R250m in-

Continued on Page 2

KEBBLE

KHUMALO

- March: Mzi Khumalo takes over as JCI chairman
- May: Bill Nairn resigns as JCI MD
  - JCI kickstarts merger talks with Lonrho
  - Kebble and Khumalo tighten grip on JCI in complex holding company
- July: JCI fails to merge with Lonrho
  - JCI to buy Anglo's 27% stake in Lonrho
- August: JCI rejects Gold Fields of SA bid for Tavistock, preferring Duiker bid
- September: JCI to split into gold and base metal company
  - JCI moots restructuring gold assets
- October: New business director Rob Still and executive director Nick Segal quit
- November: JCI sells best gold assets to Anglo and invests in Southern Mining
  - Kebble, Khumalo deny souring of relationship
- December: JCI board meeting to discuss future

Graphic SARAH EVANS

JCI

(210) BD 8/12/97

Continued from Page 1

vestment 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 R200m 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 about 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 American'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 preceded by a lesser 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

CT (PMR) 10/12/97 (210)

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 R252 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 gold 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 demerger (of the gold assets)"

Khumalo said "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 criticised 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 gold company, and he was looking at a "substantial offer" for them

☐ Inside Business, Page 19

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 LINDSAY 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 26,1 percent of Lonrho, the UK conglomerate, in return for giving JCI's interests in the Western Areas and HJ Joel 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

Sowetan 3/2/98 (210) ~~(214)~~

By Abdul Milazi

Secondary industry for gold, diamonds will come under focus

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.

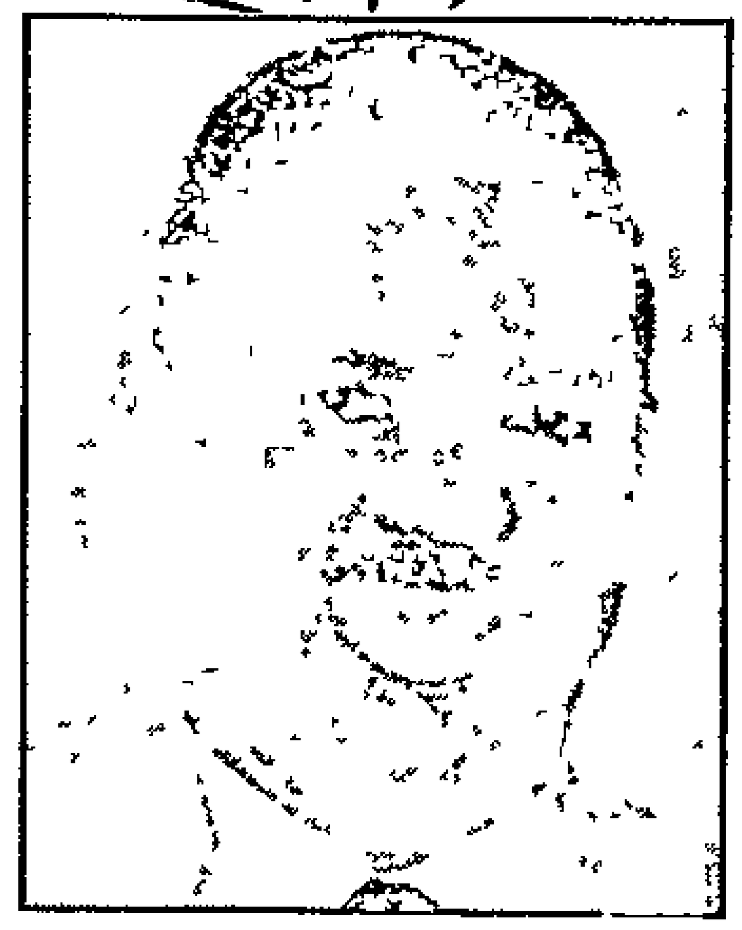
NUM spokesman Ben Molapo said the question of ownership of mineral rights was still a thorny issue, especially when it came to black people living in mining areas.

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 a shortcoming which has seen the country drained of its mineral resources without getting much out of it," said Molapo.



Minerals and Energy Affairs Minister Penuell Maduna is expected to issue the long-awaited Green Paper on Minerals and Mining Policy today

168
55C
7 9

State may own mineral rights

(210)

Sowetan 9/2/98

Maduna's proposal on mineral rights an attempt to address inequalities

By Abdul Milazi

MINERAL and Energy Affairs Minister Penuell 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.

Penuell 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

MINING *Government's call likely to meet widespread opposition from industry leaders*

'Nationalise mineral rights'

CT(M)4/2/98 (210)

JONATHAN ROSENTHAL
INDUSTRIAL EDITOR

Pretoria — A government green paper on minerals and mining policy released yesterday proposes nationalising all mineral rights in South Africa "as contemplated in the reconstruction and development programme".

The new policy is widely expected to meet strong opposition from South Africa's mining houses

Penuell Maduna, the minerals and energy affairs minister, said although there were "constitutional constraints to changing the current system, the continuation of the system of dual state and private ownership of mineral rights is unacceptable to the government"

The system prevented foreign investment and reflected a deep-seated element of racism in the way mineral rights were distributed in the past, he said

The new policy aimed to ensure security of tenure of mining rights and to prevent "hoarding and sterilisation of rights by applying a use-it-or-lose-it principle", he said

This move would redress past racial inequalities, lower entry barriers, and encourage the development of the small-scale mining sector, he said

Mining analysts and industry sources greeted the proposals with scepticism last night. "The concept doesn't sound too enthralling," said one leading mining analyst

Philip Murphy, a mining analyst at Rice Rinaldi, said while nationalising mineral rights could open the door to foreign investment, it was unlikely to meet the government's objective of promoting the small-scale mining sector in many commodities

"I accept that on certain commodities he has a point, (but) if you look at platinum, you don't just go in there with a bucket and spade — you need quite substantial capital to get things going," he said

Analysts were mixed on the likely market response to the new policy document One said such a move was expected in the market, but another said it could have disastrous results for certain commodity producers

"If platinum becomes an open house and you have five new producers, the price will fall to I don't know what," said one mining analyst.

Anglo American and Impala platinum declined to comment until they had seen the new green paper

Mines will have to give notice of downsizing

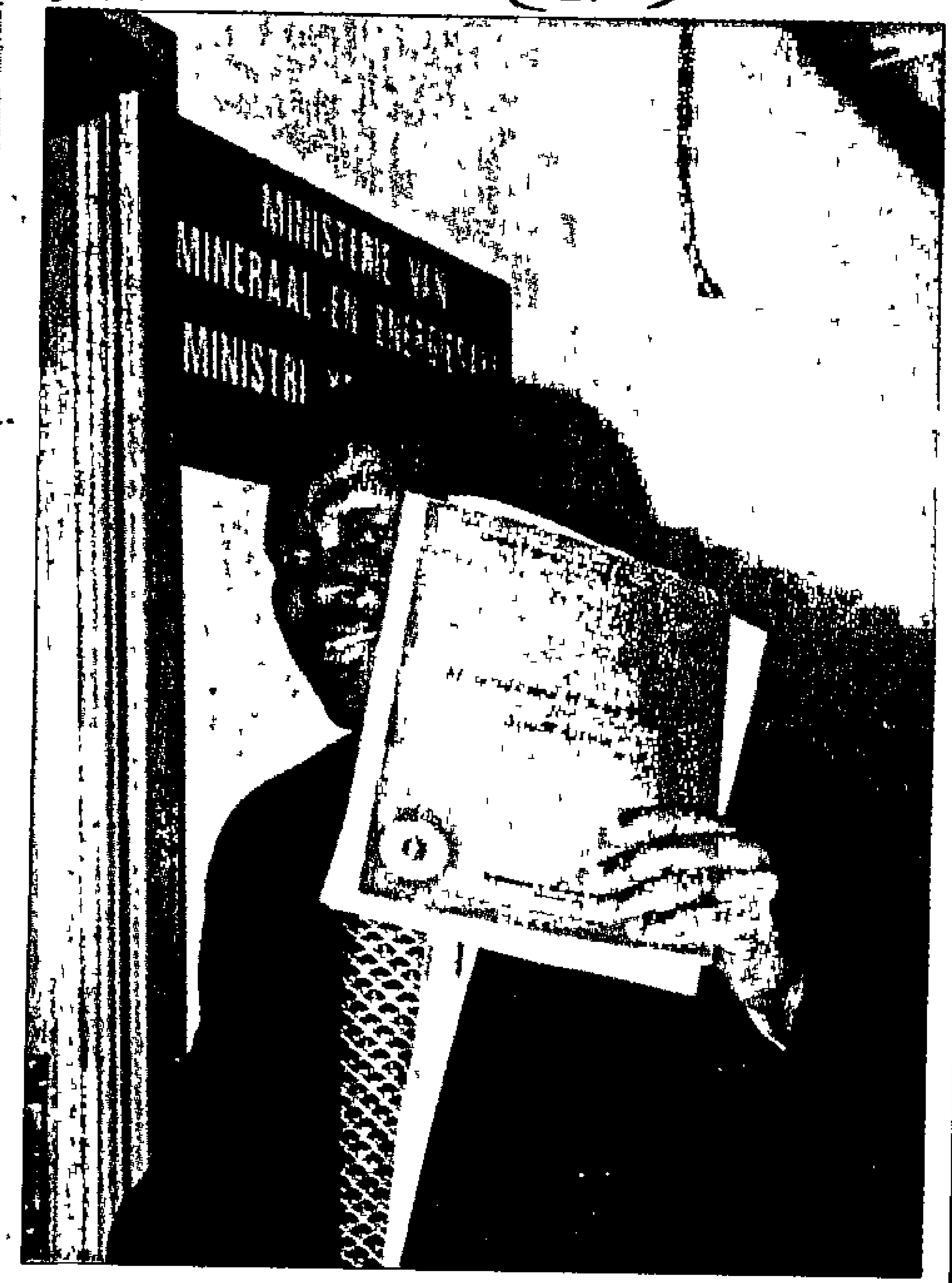
FRANK NXUMALO

Johannesburg — The department of minerals and energy said yesterday it intended to reinstate an old law compelling mining houses to inform it if they intended to retrench more than 20 percent of their workers in a 12-month period.

Penuell Maduna, the minister of mineral and energy affairs, said the clause in question, section 164 of the Mining Rights Act (1967), would be reincorporated into a new mining law to "ameliorate the social consequences of sizeable down scaling and mine closure".

This and other departmental proposals aimed at the preservation of employment in the mining industry were welcomed by George Molebatsi, the NUM national spokesman

But they came "a little bit late" for last year's 65 960 retrenched mineworkers, Molebatsi said. He said the union had been stunned when the clause was not included in the new Labour Relations Act.



GREAT EXPECTATIONS *Mineral affairs minister Penuell Maduna with his green paper yesterday* PHOTO JOHN WOODROOF

State mineral rights proposal

(210) APG 4/2/98

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 Penuell 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

BD 5/2/98 (210)

Louise Cook

MINERAL and Energy Minister Penuell Maduna's long-awaited green paper on a new minerals and mining policy for SA proposes that, in the long term, all minerals rights be vested in the state

The document, released in Pretoria yesterday, further proposes that a minerals rights tax be considered in cases where privately-owned minerals rights are not being used

Maduna said at the launch of the green paper that there was "overwhelming evidence" that it would be to the benefit of all South Africans to vest minerals rights in the state.

There was a deep-seated element of racism in the way minerals rights had been distributed in the past and the continuation of the system of dual state and private ownership was unacceptable

The green paper proposes that government takes transfer of minerals rights where the holder of such rights is not readily traceable or if the rights are still registered in the name of a dead person.

On the issue of a minerals rights tax, the paper proposes that in cases where owners are unable or unwilling to pay, they be allowed to transfer or sell ownership of the rights to the state A finance department probe into the issue is under way, the paper says

Turning to mining issues, the paper proposes that taxes which increase the cost of mining be minimised

"Government is committed to ensuring that the tax system does not inhibit mining, but encourages the use of the resource"

The document further proposes measures to boost small-scale mining and says information on minerals rights and deposits available for development should be accessible to small operators

It rejects the nationalisation of the mines as an option to reverse current ownership patterns, but proposes measures to enhance a wide spread of ownership in the industry. "The government will facilitate steps to deracialise business ownership by means of black economic empowerment"

The paper proposes that the migrant labour system in the mines be reformed to protect workers, saying "every effort" should be made to preserve employment in the industry

Reacting to the proposals, which are open for public comment until the end of next month, Chamber of Mines communications manager Llewellyn Kriel said the chamber needed time to study the document He said the past system worked in a way that made SA the richest country in Africa and the biggest gold producer in the world

A white paper on the issue is scheduled for September

Use or lose mineral rights, mining houses told

David McKay (210) BD 5/2/98

CAPE TOWN — Mineral and Energy Affairs Minister Penuell 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 Sargeant 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

Blacks to get slice of mining

(210) Sowetan 5/2/98

Green paper marks beginning of an era that will open doors for many

By Abdul Milazi

THE time of reckoning has arrived for the mining industry – conglomerates that have monopolised the ownership of mineral rights for more than a century may have to share them with the rest of the country in future

The launch of the green paper on minerals and mining policy on Tuesday heralded the beginning of a silent revolution that will eventually see the state owning mining and prospecting rights of all minerals and more blacks joining the industry

The most positive aspect of the document is the proposal to open up the mining industry to black business people who have been systematically prevented from participating for years by the stringent conditions of entry into the industry

This will in turn break the monopoly of conglomerates such as Anglo American Gold Fields and De Beers

Minerals and Energy Minister Penuell Maduna believes that conditions are still favourable enough to allow for the participation of small-scale miners and black business

Investment in gold

In 1996 Johannesburg Consolidated Investments (JCI) became the first mining company to be taken over by blacks – but also became the first failed black venture in the industry after only a year of black management

When former JCI chairman Mzi Khumalo was still negotiating the takeover with Anglo American, economic analysts warned that an investment in gold was not advisable

Last month another black consortium, African Rainbow Minerals, bought six loss-making mine shafts for R38,2 million from Anglo American's Vaal Reefs Mine, which were already facing closure [illegible]

Economic analysts questioned the logic behind this deal and warned that with the stakes heavily against ARM turning the shafts productivity around it may be yet another failed black empowerment venture

At the launch of the green paper in Pretoria this week Maduna said the democratisation of South Africa made it necessary for the Government to prepare the mining industry for the challenges of the 21st century

The paper proposes that the Government should look at facilitating the establishment of a secondary and tertiary minerals industry for the country to get more out of its minerals

Currently South Africa exports raw minerals to overseas countries for processing and then buys them back at more than six times the amount they were initially sold for

Maduna said the industry should look at expanding into large-scale and capital-intensive operations such as smelting and refining as well as craft jewellery

"Through adding value to mineral resources, a country can maximise the rent it derives from the exploration of its natural resource base and have it serve as a foundation for further industrial development," he explained

The green paper also proposes that raw material prices paid by locals should not be so high as to put them at a disadvantage in relation to overseas competitors

Another key proposal is for the Government to provide black companies which want to enter the mining industry with training and resources to help them compete effectively in the market

The creation and maintenance of a strong small and medium business environment in the mining industry, which will support economic growth, is also a primary focus of the document

The ownership of mineral rights still remains one of its most far-reaching proposals which may prove controversial as discussion on the green paper progresses

Business and trade unions have already been quarrelling over the issue while the Government has been caught in the crossfire

Land rights debate

The National Union of Mineworkers has continually called on the Government to nationalise the mining industry so that it can benefit the black people who live around the mining areas

The ownership of mineral rights is also connected to the land rights debate, especially in cases where black communities were evicted from mineral-rich areas during the apartheid era

Maduna did not mince his words when it came to the document's proposals for addressing past inequities

"Although there are constitutional constraints on changing the current system, the continuation of the system of dual state and private ownership of mineral rights is unacceptable to the Government," he said

South Africa and the United States are among the few major countries with a dual system of public and private ownership of mineral rights In most countries the right to minerals is vested in the state

Although not legislated, in countries like Chile and Australia the state allow mining companies permanent title to mineral rights

In South Africa mineral rights in certain rural areas especially in Namaqualand and Northern Cape are regarded as state-owned but mine management boards have through the years held the authority to grant prospecting rights

Another proposal in the green paper is for the Government to investigate the feasibility of imposing a mineral rights tax to discourage people from buying mineral rights and not using them

"This is aimed at preventing the hoarding and sterilisation of mineral rights by applying a 'use-it-or-lose-it' principle and to have all mineral rights vest in the state as contemplated in the Reconstruction and Development Programme Maduna said

The green paper also proposes that the Government should identify and remove various economic barriers in order to promote the marketing of minerals and to oppose all restrictive measures barring the sale of local products abroad

Maduna also said the Government intended promoting research and technology development that will stimulate the development resources

Minerals and Energy Minister Penuell Maduna's launching of the green paper on minerals and mining policy will eventually see more blacks joining the industry.

NUM rejects Maduna's reform of migrant labour

eT (PTR) 5/2/98 (200)

Frank Nxumalo
LABOUR CORRESPONDENT

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 were 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

Maduna's reforming ideals may be hostage to market forces

CT (mr) 6/2/98 (210)

JONATHAN ROSENTHAL

When the ANC met in Kliptown in 1955 to draw up the Freedom Charter, it held the belief that the mineral wealth of South Africa belonged to all its inhabitants

And though most of the loftier ideals of nationalisation and socialism the ANC once held have withered in the face of market forces, the party has kept alive its reconstruction and development policy (RDP) promises for the mining sector.

The green paper on minerals and mining policy, released this week, contains a wide-ranging set of proposals that hold the promise to fundamentally change the face of mining in South Africa Most contentious is a proposal that the "government s long term objective is for all mineral rights to vest in the state" and that "state-owned mineral rights will not be alienated"

The policy document says minerals are part of the nation's endowment and the state should be the rightful custodian of this endowment But Mineral and Energy Affairs Minister Penuell Maduna's move seems to be motivated more by pragmatism than ideology

Transferring mineral rights to the state would prevent these rights being hoarded and open reserves to exploitation by new entrants Small scale miners and the racial imbalance in the allocation of mining rights are also high in Maduna's mind

He has been careful not to call this nationalisation The green paper says state ownership of mineral rights is more prevalent than private ownership But the key question left vague is how the state will gain ownership of mineral rights and where it will find the cash to pay for those rights — if indeed it will pay

The policy document says the "government recognises the inherent constitutional constraints of changing the current mineral rights system" It then proposes to sidestep the thornier constitutional issues protecting private property through interim measures

The first, and least contentious, is that the government takes ownership of mineral rights where the owner cannot be readily traced or is dead. It then proposes legislation that would try to balance the need for security of tenure, with which the government hopes to maintain investor confidence, with laws that would give the state rights to prospect and mine for all minerals It would then distribute the right to prospect and mine on a use-it-or-lose-it principle.

Holders of rights would be required to meet minimum work and investment requirements They would apply for a special "retention licence" if they wished to keep mining rights but not mine for market reasons

It also proposes investigating the feasibility of imposing a mineral rights tax or some other mechanism to discourage the "non-utilisation of privately owned mineral rights"

The tax would not be paid by operating mines or where "the retention of mineral rights is part of a long-term mining strategy that is in the national interest" It says "If the owner of the mineral rights is unable or unwilling to pay a mineral rights tax, the rights may either be sold to a willing purchaser or at no cost to the owner be transferred to the state"

But even the green paper admits this neat attempt to sidestep constitutional guarantees on the sanctity of private property could be unconstitutional and could also be snared by the practical difficulties of evaluating and taxing mineral rights

Llewellyn Kriel, the communications manager of the Chamber of Mines, said though the chamber had not yet come up with a formal response, it had consistently maintained that investor confidence was critical in any mining venture because of the large capital sums required "The existing regime of mineral rights enabled that confidence."

Kriel also questioned where compensation money would come from "Another issue is the level of compensation. Our estimate is that there is as much gold underground as has been brought to the surface in the history of this country How do you determine the value of that?"

Others in the industry were similarly guarded, saying they needed to examine the proposals before commenting Amplats said it was concerned at the proposal to vest mineral rights in the state, but welcomed many of the other proposals in the green paper Proposals that seem to have met with widespread consensus include those to maintain employment and to enhance the competitiveness of the sector.

Labour immediately welcomed initiatives to prevent or soften the effect of job losses The proposals include a requirement that employers notify the government if they retrench more than 20 percent of their workforce in a year.

Mines will have to negotiate social plans to cushion the effects of retrenchments.

Other proposals look at ways to improve mineworkers' health and safety, encourage mineral benefication and promote appropriate research and technology development. The government also opens the door to offering temporary assistance to mines that could profitably mine their remaining ore bodies

The government also proposed a polluter pays principle that would vastly increase the costs of mining Gold mining is likely to be particularly affected because gold is often located with highly radioactive ores

One official of the Atomic Energy Corporation, who declined to be named, said the application of nuclear safety guidelines to the mining industry could cost untold billions It could require the rehabilitation of sites containing more radioactive waste than that produced at the country's two functioning nuclear reactors, he said.

The green paper indicates a clear commitment on the part of the government to redress the historically iniquities of mining in South Africa If implemented, they would put this country at the forefront of sustainable, environmental and people-friendly mining and promise to maintain jobs and spread wealth.

But the lofty ideals are tempered by the government's realisation that ultimately it is market forces, and not regulation, that govern the continued existence of a mining sector When it comes to a showdown between the government and mining houses, the more inspired ideals of the green paper are likely to go the way of the rest of the RDP

Government's mining policy defended

CT (PM) 18/2/98 ~~2##~~ (210)

Lynda Loxton

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 vest 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 minerals 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

BD 9/2/98 (240)

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

(210) Sowetan 23/12/98

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 would not disclose the reasons for the move, saying the matter was sub judice

Mineral and Energy Affairs Minister Penuell Maduna.

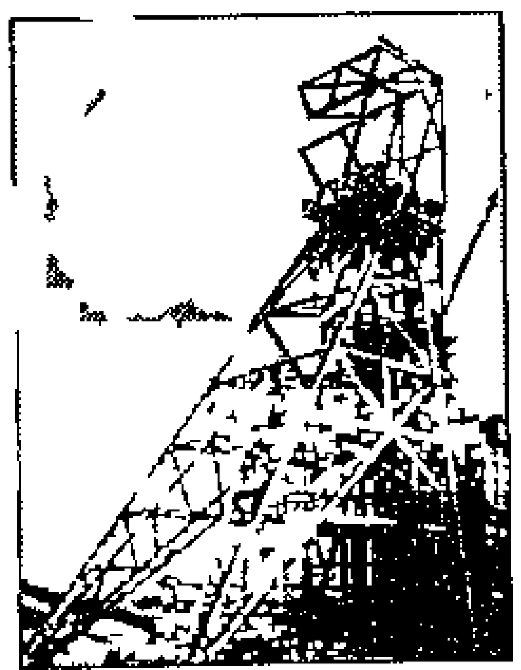
Section 17 of the Minerals Act allows the minister to grant mineral rights to any interested party if the legal heirs to a property are not located after a two-year period

The farm Marsfontein in the Zebediela 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 Umnonto 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

(210)

Star 6/3/98

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

Communities located in mining areas are paying a heavy social and environmental price for the increased mining activities on the continent, according to reports from African non-governmental organisations (NGOs)

Commercial mining has led to environmental degradation, the displacement of people from communities where they have lived for years, and a higher incidence of lung diseases among populations

Often mine sites are contaminated beyond restoration, according to participants at a recent meeting on "Mining, Society and Environment" in the Ghanaian capital of Accra organised by the Africa office of the Third World Network (TWN-Af), a development NGO

The effect of mining activities on the society and the environment has received little attention from African governments and mining transnational corporations (TNCs)

"Presently, the benefits from mining tend to stay with the TNCs, while the negative consequences like pollution of water and soil, which may threaten the livelihood of surrounding communities, stay within the country," says a briefing paper at the meeting

Mining is one sector that has attracted huge sums of foreign direct investment (FDI) worldwide

From 1985 to 1995, there were $3,5-billion (about R17,5-billion) of new investment in emerging-market mining projects, but in the last two years alone, there have been $8-billion (about R39-billion) in new deals, according to an NGO that provides information on the policies of the multilateral development banks

This increased investment has gone hand-in-hand with initiatives meant to encourage foreign investment – by the end of 1995, at least 35 countries had radically relaxed their mining codes

"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 Abugre 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 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"

Kofi 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

"What the chamber wants in South Africa is a situation where everything is discussed by all except the communities," 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

Energy budget takes 20,3% cut

BT (PTA) 18/3/98 (210)

Lynda Loxton
Parliamentary Correspondent

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 R50,9 million.

The department would also increase the funds set aside for the rehabilitation of mines from R5,4 million to R10,8 million, with the focus shifting from asbestos mines in the Northern Province to gold slime 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 1 008 in 1994 to 806 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 R56,7 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.

efforts to investigate the game failed Sarfu will decide whether Mandela will be compelled to testify.
suspended its co-operation with the task

Ratha Nayager, the newly appointed Gauteng auditor, was introduced yesterday at a press conference in Parktown. A former financial manager of Southern Associated Maltsters, he fills the vacant post left by Shauket Fakie, who assumed the position of national deputy auditor-general this month Before the appointment, Nayager was practising privately under the name Nayager Associates. He qualified as a chartered accountant in 1984, graduated with a BCom from the University of Durban-Westville and completed his honours through Unisa in 1981. Picture TREVOR SAMSON

Blast 'was to boost colonel's image'

BD 11/3/98

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 Eikenhof 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 Eikenhof probe

Zeelie, 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 34 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"

Zeelie had told Botha he would assist only if no one else was involved When Zeelie spotted Barnard and a former Brixton murder and robbery detective in a second vehicle as he and Botha were on their way to attach a mini limpet mine to Landman's vehicle, he got out of Botha's car and went home. The next day, Zeelie 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

(210) BD 11/3/98

Linda Ensor

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

They said the "profoundly 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 initiate 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 SA 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 underutilisation 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, Amplats, Ingwe 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

(210) CT(BR) 11/3/98

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 minefield 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 alienated state land, such as that used by Ingwe Coal, despite the fact that it had invested millions of rands 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 Bodibe, 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

(210) CT (MR) 16/3/98

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 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 \$5,1 billion from \$4,6 billion in 1996, according to Halifax, 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

Mining executives said known deposits would take years to deplete and shutdowns of unprofitable mines now would do much more to boost prices

While exploration is set to drop, particularly in heavily mined countries such as Australia and Canada, spending on takeovers of companies hit hard by the price drop could rise Mining companies already spend almost three times as much on acquisitions as they do on exploration

"There's going to be a lot of mergers and acquisitions — it's already happening," said Christopher Lalor, the executive director at Sons of Gwalia, the Australia-based gold mining company One of the biggest deals is San Francisco-based Homestake Mining's \$750 million planned purchase of Plutonic Resources, Australia's third-largest gold mining company

Lower commodities prices have slashed the share prices of mining companies, making them cheaper to acquire than they were a year ago It is forcing many smaller companies to seek partners with deep pockets or go out of business They were already reeling because last year's Bre-X gold mining fraud shook investors' and bankers' confidence in exploration companies, reducing the chances of raising cash

Alberta-based Bre-X Minerals said it had discovered as much as 200 million ounces of gold in Indonesia before an independent audit showed no gold existed

"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 capitalise on distress," said Hugh Leggatt, a spokesman for Vancouver-based Placer, the world's sixth-largest gold producer and also a copper producer

Placer, which has reduced its exploration budget to about \$90 million for this year from \$110 million last year, set up a 20-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 quarry will get cheaper or collapse

Among the casualties in the past week 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 Schirnding, the London-based vice-president of investor and corporate affairs for Minorco, 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

BD 17/8/98 (210)

Samantha Sharpe

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 insistence 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 " pressed ce for assurances that Clinton woul use the visit to insist on changes to the act. She told them that if Clinton himself did not raise the subject during his visit to SA, Commerce Secretary William Daley would. Daley will be part of the US delegation

ANC suspends 12 memberships

THE African National Congress (ANC) national working committee suspended the membership of 12 councillors in the Butterworth Local Council yesterday, after they ignored a request by the Eastern Cape provincial government to resign.

The councillors are facing disciplinary charges brought against them by the ANC's Eastern Cape provincial executive committee for bringing the organisation into disrepute and for failing to act in the interest of unity

The ANC said yesterday the councillors would be suspended with immediate effect pending the outcome of the disciplinary hearing

The councillors were issued with an ultimatum on Tuesday to relinquish control of the town to the provincial government The ultimatum was delivered by the police and cited the collapse of Butterworth's administration as the reason.

BMW councillors defended

MPUMALANGA's executive committee should not be publicly crucified for ignoring government regulations and spending R2,3m of unbudgeted tax money to buy 10 luxury BMWs for its MECs, Mpumalanga's portfolio committee on public works said yesterday

The BMW 528is cost R77 000 more per vehicle than allowed for by ministerial handbook regulations and were bought in defiance of Transport Minister Mac Maharaj's concern about the deal, African Eye News Service reported.

Wool Forum asked for levy

IT WAS incorrectly reported in Business Day yesterday that the National Agricultural Marketing Council (NAMC) had requested a levy on wool The levy was requested by the Wool Forum and the NAMC, which advises the minister of agriculture, briefed the parliamentary committees of agriculture on the background to the application

Eugene Brock of the NAMC said yesterday that in fact the majority of the council had voted against the application from the Wool Forum

He said that it was not possible to tell if the membership of the International Wool Secretariat, at which the levy, if approved, will pay for, was a sound investment for wool growers

REPORTS Business Day Reporters Sapa

Report suggests that AEC be split

BD 19/3/98

Shareen Singh

A GOVERNMENT-appointed research team has recommended the Atomic Energy Corporation (AEC) be split into two separate organisations, with government retaining one part and privatising the other

Research mandated by the cabinet and overseen by the arts, culture, science and technology department concluded there was no longer a need for the AEC's original nuclear research mandate

This function should be scrapped and the AEC's remaining core activities — technology development and residual nuclear fuel-related functions — should be separated

The research report, tabled to an interministerial committee this week, recommended a new public company, AEC Technology, be established to develop and market technology and related products at the Pelindaba and Valindaba sites This company, to be created with substantial Industrial Development Corporation support, should be privatised

New management

Interim government funding might be needed for AEC Technology

The company should be run by a new management team which understood the markets

The researchers did not believe the mineral and energy department was the appropriate structure to oversee AEC Technology

"It is not logical or desirable to fund technology development in these areas (such as fluorine chemicals) in a non-transparent manner from the department of minerals and energy The department of trade and industry might initially be a more appropriate parent organisation"

Residual nuclear fuel-related functions such as radioactive waste management would continue to exist because of national health and environmental obligations, rather than economic imperatives The focus would be on "cleaning up the consequences of years of wasteful expenditure"

The Safari reactor, a research reactor producing nuclear isotopes, was of little use and did not justify state financial support.

Evidence pointed to its closure However, Safari's role in the International Atomic Energy Authority and Afra, a body looking into the peaceful use of nuclear programmes in Africa, might have political implications A detailed study would be required to determine the impact of its closure, the research team's report said

Last year the minerals and energy department financed AEC to the amount of R287m for its various divisions

"It is difficult to understand why an energy ministry should be supporting many of these operations while the AEC does not contribute at all to energy production in SA."

The deputy director-general of arts, culture, science and technology, Rob Adam, said his department would discuss the report with stakeholders in the industry and at some stage a document would be tabled to the cabinet

The report on AEC is part of a broader investigation of science and technology facilities

National Union of Metalworkers of SA president Mtutuzeli Tom addresses delegates yesterday, the second day of the union s national bargaining conference held in Johannesburg

Picture TREVOR SAMSON

Department 'pulling out all stops' on policy

BD 19/3/98

Shareen Singh (210)

THE minerals and energy department said yesterday it would pull out all the stops to ensure that a new energy policy green paper would be completed by the end of this month

Deputy director-general Gordon Sibiya said the green paper was long overdue and was affecting progress in the restructuring of certain state assets, such as the Atomic Energy Corporation and the Central Energy Fund as well as the provision of solar energy systems to communities

"I have made a commitment to the portfolio committee on minerals and energy to produce the green paper in two weeks' time If for some reason there is any delay, it will not be longer than 14 days after that"

Sibiya said when he joined the department in March last year the energy division was not fully functional and he had to focus largely on building that section He had to develop and design new energy projects and a contracts management system

The department was given the go-ahead last week to appoint three chief directors and three directors This would more than double the energy division s capacity at a senior level A chief director in charge of electricity demand and development, Simunda Mokoena was appointed on Tuesday The other posts would be advertised next week

The lack of capacity in the energy division has hamstrung the department's progress in certain areas, including energy policy, said Sibiya.

Industry sources blamed the delay on energy policy on Minerals and Energy Minister Penuel Maduna. "The process of drafting energy policy had begun long before Sibiya joined the department and some key officials left, apparently after disagreements with the minister's approach on issues There have already been a number of drafts of the green paper, but none officially tabled."

Sibiya said a white paper would follow within two months of the green paper being handed to the portfolio committee A bill was expected to be tabled by June

Government loses its status as a 'safe client'

Lukanyo Mnyanda

BD 19/3/98

BUILDERS were considering asking for bank guarantees before embarking on government projects following a growing trend of late payment and nonpayment by local and provincial governments, the Building Industries Federation of SA said yesterday

Executive director Ian Robinson said government had lost its status as a "safe client" and that nonpayment was hitting emerging contractors the hardest, with a number having been forced to close down because of cash-flow problems

It was difficult to put a figure on the amounts involved as the situation could change drastically depending on particular cases but nonpayment was a growing problem which had forced the cancellation of some projects

Building and construction professionals were reported to be owed at least R80m late last year

Robinson said there was "something immoral" about the lack of payment which had already forced some smaller players to close down their businesses

Zambian delegation focuses on potential investors in SA

John Dludlu

A ZAMBIAN delegation, headed by Commerce and Industry Minister Enock Kavindele is targeting SA investors as the Lusaka authorities prepare for the sale of state-owned assets

Kavindele launched a week-long road show in Johannesburg yesterday by inviting SA companies to put Zambia one of Africa s most successful privatisation stories, on their agenda

Soon to be sold will be the country's telecommunications, energy and transport parastatals and other state-owned corporations and properties

Privatisation of over 200 relatively smaller entities had already taken place

Florence Mumba, an official of the Zambia Privatisation Agency, said SA was being targeted as SA's investors already had a presence in Zambia

Officials from the Zambian Investment Centre also told a seminar organised by the SA Chamber of Business (Sacob) yesterday that the protracted talks with multinational consortium Kafue — which was in the final stages of buying a significant chunk of Zambian Consolidated Copper Mines — would be concluded soon

Negotiations with Kafue, which included SA mining group Avmin, had dragged on longer than expected partly as a result of differences over the value of the asset, said Bwalya Nga'ndu, director-general at the investment centre

The privatisation programme was inspired by a realisation that business was not for government, Kavindele said

Investments in the public sector would be made in a way that supplemented private capital Kavindele said the 1992 reforms had started showing results These included the abolition of all foreign exchange controls, positive interest rates (with the main rate at 24% significantly lower than some 50%) subsidies were scrapped and consumer inflation was reduced to 18% from over 300% before the reforms kicked in

Sacob president Humphrey Khoza called on business in the southern Africa region to form clusters to be internationally competitive saying they should not wait for governments

Project questioned, Page 13

BD 19/3/98

Most want SA to help with peacekeeping duties

Bonile Ngqiyaza BD 20/4/98

Sixty-two percent of SA citizens want the country to contribute to peacekeeping duties outside SA, according to the results of a survey published in the latest issue of the African Security Review.

The survey found that Democratic Party and Freedom Front supporters were the least inclined towards the country being involved in peacekeeping elsewhere.

The report said when broken down into racial groups, between two-thirds to 70% of the respondents were for peacekeeping, with blacks at 66%, coloureds 64% and Asians at a "marked high" of 70%.

Whites were the least favourably inclined — with less than half — or 43% of those interviewed, answering in the affirmative.

On the question whether southern Africa should establish its own peacekeeping force provided that the costs were shared by all partaking governments, the survey said almost two-thirds — or 65% — of respondents responded in the affirmative, with only 18% nonaffirmative and 17% undecided.

Broken down into racial groupings, those in favour of SA's involvement were black respondents (67%), coloureds (71%), Asians (71%) and whites (27%).

The report said respondents prepared to participate in a multinational peacekeeping effort on a part time basis, were evenly spread. "Very willing" and "willing" accounted for 15% and 24% respectively, while "very unwilling" and "unwilling" accounted for 17% and 27% of the replies.

The survey concluded that the unwillingness of white respondents to volunteer for peacekeeping and participation in external deployment of the SA National Defence Force could be ascribed to experiences they had with conscription. Also, it said, this might point to a more parochial outlook towards Africa and the world.

Call for stricter mine environment policy

Josey Ballenger (BD) (210) BD 20/4/98

A PARLIAMENTARY committee has recommended that enforcement mechanisms be put into place to ensure mines implement their environmental management programmes, and that mines make funds available for site rehabilitation before commencing mining activities.

After a study tour earlier this year of two gold mine dumps in Gauteng and abandoned asbestos sites in the Northern Province, the minerals and energy portfolio committee also said in a draft report last week that communities surrounding mining sites should be consulted by mine management, minerals and energy and other government departments.

John Kilani, Chamber of Mines' environmental adviser, said during the February tour that there were insufficient mechanisms to enforce laws.

Provincial minerals and energy department representatives said, however, they believed that they had enough legal power to ensure implementation of an environmental programme.

Regarding Durban Roodepoort Deep in Meadowlands, Soweto, the committee said a study should be conducted on the health effects (primarily blowing dust) of its slimes dam on nearby schoolchildren. It also recommended the mine "grass" the entire dump — currently 80% is covered — and pave school yards.

The committee also reported the mine has not conducted an assessment of the radiation hazard of its activities, as required by law, and that mine management indicated it would not be able to as long as it was a "marginal" mine.

Durban Deep is in the process, though, of revising its environmental management programme report.

At Grootvlei, near Springs, the closure of several mining operations in the area has caused the mine to pump large amounts of water into the Blesbokspruit, an internationally recognised wetland site and a tributary to the Vaal Barrage, Gauteng's main water source.

The concern is the water contains high levels of iron and salt. Government has paid for an iron-reducing clarification plant and approved a loan for Grootvlei to test desalination technologies.

) receive instead

3 February 1998 that
e based on the ratio

Govt wants all mineral rights

CT 25/5/98 (210)

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 Penuell 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 prospecting 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

State 'should own SA's mineral rights'

(210) CT/(MR) 30/6/98

ANDI SPICER
MINING AND RESOURCES EDITOR

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, Penuell 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

(210) (~~[illegible]~~)

ARGUS CORRESPONDENT

Johannesburg – Mining giant Anglo American is to move to London and delist from the Johannesburg Stock Exchange after a dramatic R58-billion deal to merge with its offshore arm, Minorco, it was announced today.

It then will be a British company with a wholly-owned South African subsidiary, and its listing on the London Stock Exchange is expected to put it among the top 100 companies there

But analysts are asking whether this will be good for South Africa, or whether it represents a vote of no confidence in the economy

An Anglo spokesman said. "Dramatic political change, together with an easing of controls on capital, has led to this major step in bringing together the assets and resources of Anglo and Minorco. The structures and their geographic separation that have arisen as a result of South Africa's long political and financial isolation from the international community have proved increasingly complicated"

The new company, Anglo American PLC, will be the second largest mining group in

ARG 16/10/98

To page 2

Mining giant quitting JSE for London

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 Billiton 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 rands 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 not compete internationally

"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

BD 16/10/98 (2/10)

UNION federation Cosatu and the National Union of Mineworkers (NUM) have condemned as "unpatriotic" Anglo American'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 was significant that Anglo "is now openly deserting the country by combining its operations with Minorco, its offshore wing used to bust sanctions and disinvest 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 downscaling 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 is waiting 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 in stark contrast

One analyst said Anglo would become more difficult to analyse "We have been baying 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 Samancor is to be delisted This is not to mention the coal sector Billiton is taking out Ingwe Gold Fields Coal is gone Anglo will take out Amcoal

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 restructuring 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 Loubser 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 a par with the London Stock Exchange, Anglo's move strengthened Loubser'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," Loubser said

Neocolonialist capitalism, or a good strategic business move?

Jim Jones

BD 16/10/98 ~~(214)~~ (210)

WHAT does Anglo American's decision to merge with Minorco and seek a primary stock exchange listing in London say for SA? Does it imply a new colonialism, 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 Billiton, 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 hodgepodge 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, and 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 need to be the sale of such fringe underperformers as food group Tongaat. Overseas Minorco is selling Engelhard and Terra.

This restructuring to provide focus and driven management is probably more important than a primary London listing and an unassailable 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 Billiton 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 where opportunities abound. If a company is domiciled in a stable market rather than in a tax haven or emerging market, it will be in a position to compete for funds on an equal footing with its rivals.

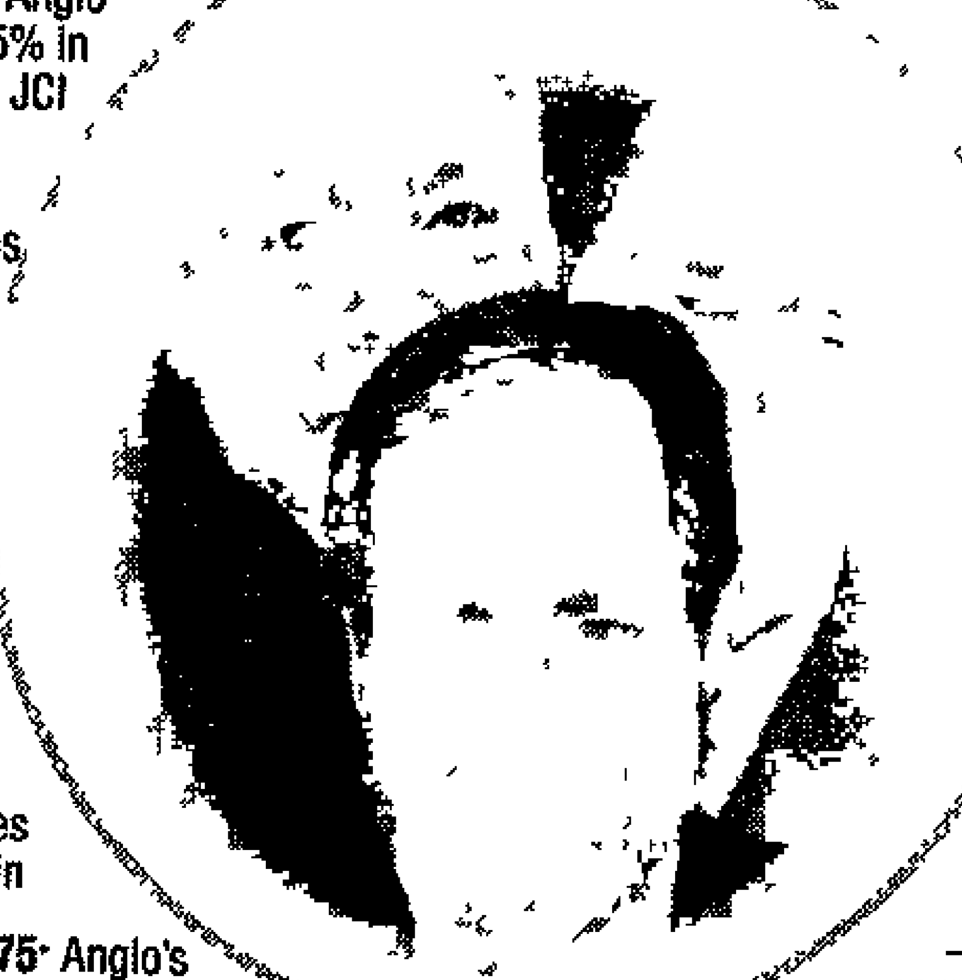
Anglo's proposed sale of noncore interests here and abroad will also give it a cash pile to pursue and bring on stream operations that are needed to prove that the new Anglo is better than the old.

As for SA, it stands to gain new, efficiently funded projects. The Gamsberg 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 dead wood will take time. But it needs to be done quickly if investors are to be convinced.

Anglo winds up in London again

After three generations Anglo returns to London with a £6 billion company.



1917: Founder Ernest Oppenheimer aims to exploit the gold reefs of the East Rand. Capital of £1 million funded from Britain, the USA and South Africa.

1926: Anglo becomes a significant player in the SA mining industry and largest single shareholder in De Beers.

1929: Sir Ernest Oppenheimer chairs De Beers. The cross-holdings link between Anglo and De Beers established. Forerunner of Minorco established.

1938: Anglo's headquarters at 44 Main Street opened by Ernest Oppenheimer.

1957: Ernest Oppenheimer dies. Succeeded by son Harry.

1963: Industrial and commercial interests of the group are incorporated into Anglo American Industrial Corporation (Amic).

1971: Minerals and Resources Corporation (later Minorco), formed via funds from nationalisation of the Copperbelt.

1975: Anglo's interests in coal - represented by Vereeniging Estates and five other companies, combined into Amcoal.

1982: Harry Oppenheimer retires. Succeeded by Gavin Relly.

1990: Julian Ogilvie Thompson is elected chairman of Anglo.

1993: Anglo re-organises offshore interests. Minorco holds interests elsewhere in the world.

1996: In the biggest black empowerment deal in SA corporate history, Anglo and De Beers sell 35% in Johnnic and 34,9% in JCI to NEC and AMG.

1998: Nicky Oppenheimer becomes De Beers chairman. Julian Ogilvie Thompson remains chairman of AAC and is deputy-chairman of De Beers.

BusinessDay / Matthys Moss

The new operating structure

De Beers — 40% → Anglo American plc; Anglo American plc — 33% → De Beers

Anglo American plc — 55% → Anglogold

Anglo American plc — 21% → FirstRand

Exco

- L Boyd
  - Platinum: Amplats 45%
  - Ferrous metals: Highveld, Columbus JV, Samancor JV, Scaw Metals, Haggie
- A J Trahar
  - Other industry: Tongaat Hulett, Boart, LTA, Others
  - Forest products: Mondi & MMP 100%
- J W Campbell
  - Coal: Amcoal 100%
  - Base metals: Collahuasi, Palabora, Loma de Niquel, Namakwa Sands, Lisheen & Gamsberg zinc projects
- H R Slack
  - Industrial minerals

RUCTURING

Political transition facilitated merger

BD 16/10/98

(210)

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, Minorco

The group's division into local and foreign arms was a way of dealing with SA's former pariah status Luxembourg-based Minorco could invest in new mining projects in far-flung places where Anglo itself could not After SA's political transition, Minorco's existence began to look unnecessary The group then defined Anglo's sphere of activity as Africa, while Minorco'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 Minorco 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 Minorco 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 Minorco issue had to be addressed, owing to changes in Minorco's financial position Minorco, 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 Minorco'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 Minorco 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 Amcoal and industrial arm Amic, 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 so 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' Billiton, which wholly owns all its subsidiaries and has a clear shareholder structure with no clear controlling stake

Most subsidiaries will be wholly owned Assets in base metals for instance, which were previously divided between Anglo and Minorco, 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 Amgold and Anamint

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 Amgold is likely to disappear once Anglo and Gold Fields complete their Driefontein joint venture deal while Anamint, 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 incestuous 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

CAPE ARGUS, **FRIDAY**, OCTOBER 16, 1998

Employees cheer as Anglo heads for UK

ARG 16/10/98

But unions cautious over jobs

(210)

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 Minorco to create Anglo American Plc Anglo also plans to absorb Amic and Amcoal and increase it shareholding in Amplats 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

Equisec 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

(210)

CT 16/10/98

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

LONDON LISTING *We're not abandoning ship, says Oppenheimer*

CT(BR) 16/10/98

Anglo puts best FTSE forward

(210)

ANDI SPICER
MINING AND RESOURCES EDITOR

Johannesburg — Anglo American's announcement yesterday that it was moving its primary listing to London and merging with Minorco was greeting with mixed reactions from the market.

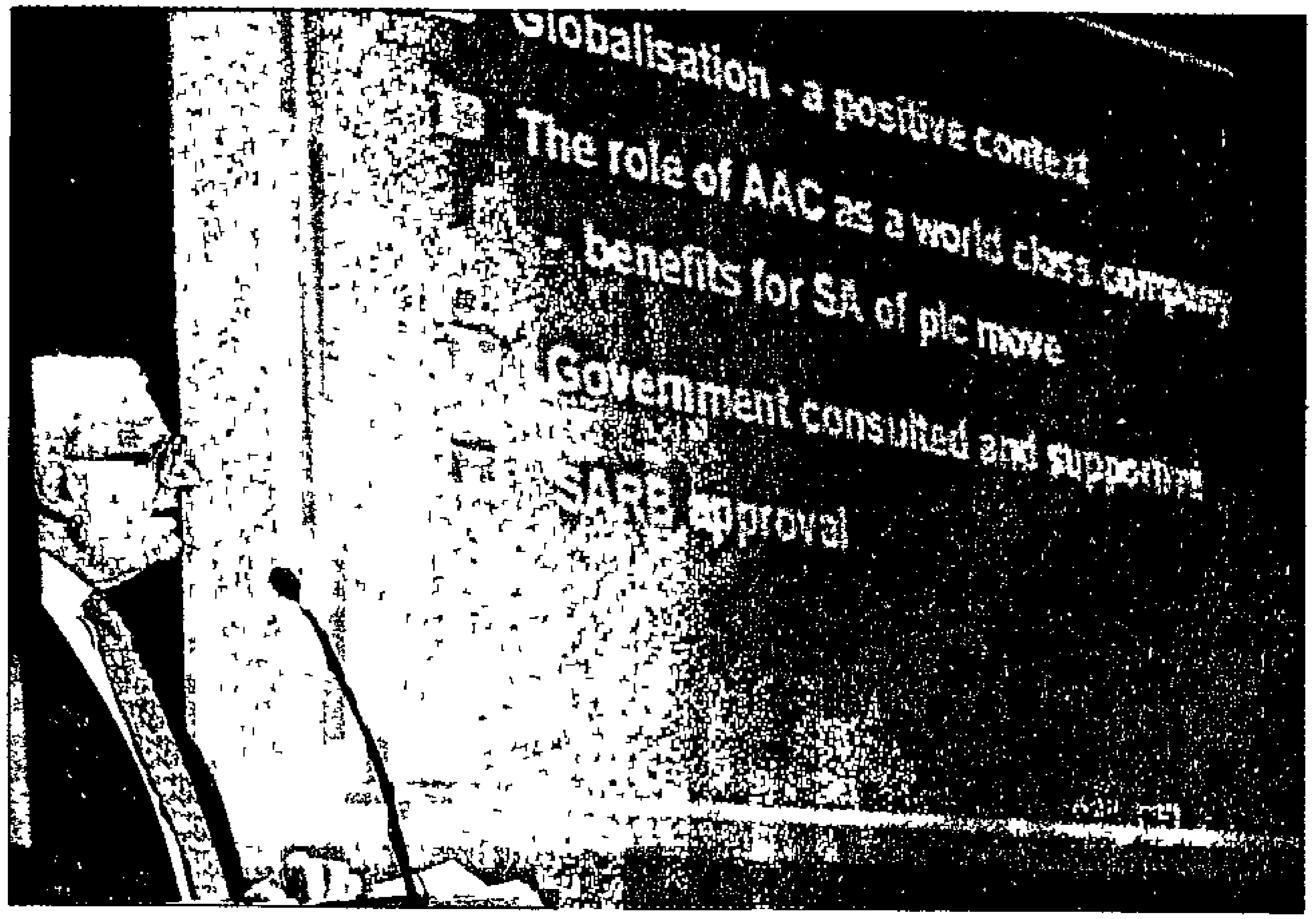
The Anglo share price hit turbulence and lost more than 7 percent on arbitrage trading. Minorco gained more than 17 percent as shareholders sold Anglo to buy Minorco in the hope of gaining Anglo shares at a better price after the merger.

Brisk trade was also seen in Amcoal, which gained over 6 percent as investors tried to exploit value differences between the share prices.

The political and psychological impact on the South African economy of seeing its largest company abandon the JSE as its primary listing was hard to gauge.

Two-thirds of Anglo will now be composed of South African assets and a third abroad.

The JSE said there would be little effect on the exchange, but admitted it would have to try harder to compete in the international market.



GLOBAL PLAYER *Julian Ogilvie Thompson assures the South African market yesterday that a simplified structure will put Anglo into clearer focus, "bringing together what should be together"* PHOTO: JOHN WOODROOF

Julian Ogilvie Thompson, the chairman of Anglo, said: "This is a simplification of Anglo's and Minorco's structure in order to arrange a clearer focus. Anglo's capital base will grow 50 percent and its debt capacity will also grow. We are bringing together what should be together and was (previously) together."

He said Anglo could now compete head to head with Rio Tinto and BHP, the two largest mining companies in the world.

He added that Anglo would create a "simple and transparent structure with operational control of world-class assets with access to capital markets".

He said the government was consulted early in the process and understood the logic of the move. "This marks the end of financial structures imposed on us by apartheid."

Nicky Oppenheimer, the deputy non-executive chairman of Anglo and the representative of the Oppenheimer family interests in the group, echoed Ogilvie Thompson's optimism.

"This is a great day for Anglo and a great day for South Africa," he said.

"I understand the concerns that this may be perceived as Anglo abandoning ship, but this is simply not true.

"We see this deal as South Africa going out into the world. We need to compete and there is absolute understanding by the government of this," Oppenheimer said.

However, analysts questioned whether Anglo American Plc, the new company, would benefit from the move offshore and the merger of Minorco's wide range of resources assets.

Anglo lost R13 to close at R183,20 while Minorco closed up R13,20 at R90,20.

□ Restructuring, Page 3

NUM slams move of 'no confidence'

FRANK NXUMALO
LABOUR EDITOR

Johannesburg — The National Union of Mineworkers (NUM) yesterday said Anglo American's move to list in London was equal to "passing a vote of no confidence in the economy of South Africa and its government".

The union said while the government was busy trying to marshal direct foreign investment into the economy, there was "a growing trend" of big companies, including Billiton and Old Mutual, to opt for offshore listing.

"We are unhappy about the move because it is sending the wrong signals," said Gwede Mantashe, the general secretary of the NUM.

"Why should international investors be excited about coming to South Africa when all our major companies are going to have their primary listings in London?"

By choosing to optimise its share value, Mantashe said, Anglo was "shifting from creating jobs".

Jobs would be lost in the context of rationalisation, downsizing and lean companies, he said.

Julian Ogilvie Thompson, Anglo's chairman, said no jobs would be lost. However, he said Anglo had not consulted with the union movement over its London listing.

Gavin Brown, a labour consultant, said the move "seemed unusual" but would not affect labour unless Anglo started to divest from its local interests.

Brown said when companies grew to a certain size, South Africa just became too small for them and they had to be at the centres of the global economy.

"The world has changed and it makes sense for Anglo to globalise," he said.

UK investors enthusiastic about Anglo's plans to list on FTSE

MARK ASHURST
LONDON CORRESPONDENT

London — British investors yesterday reacted enthusiastically to the prospect of Anglo American joining the FTSE-100, as financiers predicted another spate of restructuring and disposals would follow the UK listing.

While Anglo has no plans to raise new capital — and consequently no pressing need for a principal listing in London — analysts suggested the move would give it the "freedom to delist, unbundle and sell" the entire industrial interests of Anglo American Industrial Corporation.

Analysts expect Amgold, whose principal interest is Anglogold, and Anamint, which holds about 15 percent of De Beers, to be unbundled. Chemicals group AECI, beverages group Bevcon, and Mondi, the diversified pulp and paper group, are among those earmarked for disposal.

This would position Anglo as a direct rival to Rio Tinto, which dominates the extractive industries sector of the London Stock Exchange. Analysts hope its presence may rejuvenate a sector that has fallen to a 25-year low after the collapse in metal prices and the gradual deterioration of Lonrho's share price.

The move is a fillip for De Beers, Anglo's sister company, which was widely seen in London as the most immediate beneficiary of the new structure. The plans announced yesterday by Anglo will increase De Beers' exposure to hard currency earnings and enable the group to sell down its non-mining interests. De Beers will hold 40 percent of the new Anglo American.

In contrast to Billiton, which last year raised £1 billion in London, Anglo does not intend to place new shares when it lists in March. Although Billiton's share price had been hit by the slump in metal prices and share disposals by South African institutions, analysts predicted demand from tracker funds — which buy across the FTSE-100 — would support Anglo shares.

Analysts suggested the move could also pre-empt a London listing by brewer South African Breweries (SAB). A deal between Anglo and the Liberty Life group could also lead to the disposal of both companies' stakes in SAB, which are now held through Bevcon, to a European brewery.

Speculation this year has cited both Heineken and Guinness as potential merger partners for SAB.

Brave new world for Anglo

(210) Star 16/10/98

Corporation's move to compete with global players from London gets thumbs-up from SA Government and business, but worries union

By Ryan Cresswell and Simon Zwane

The usually subdued atmosphere at Anglo American headquarters in Johannesburg was shattered by thunderous applause and cheers yesterday 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 Anglo chairperson 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 movers in international business.

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 Minorco to create Anglo American plc.

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 move by South Africa's largest listed company to London will end 81 years of rich business history in SA.

The proposed combination 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.

Mbeki's office said yesterday the deputy president had been assured by Ogilvie-Thompson that Anglo had no intention of leaving South Africa by buying into Minorco Mbeki referred the matter to Manuel for further discussion and finalisation.

"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," Mbeki's spokesperson Ronnie Mamoepa said.

Nicky Oppenheimer, whose family founded Anglo and still has substantial interests in the company, said he believed "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

"There comes a time when companies – at least the really successful ones – must, like human beings, leave the comfort of home and measure themselves against the best in the wider world," Oppenheimer said.

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 accounts for about 4,5% of market capitalisation on the JSE.

Equisec economist Dawie Roodt said it made sense for large groups like Anglo to "go where the business is", but he did not see many corporations following suit because it would be a real prospect only for very large concerns.

He said Anglo was becoming a global company with a strong South African component. The merger might even provide a conduit for inter... capital into South Afric... ustry. "They are not aban... us," he added.

Anglo managem... in a statement that the form... of AA plc and the commitm... to developing core assets, both in South Africa and internationally, was in the interests of shareholders and of the country in a rapidly globalising world economy.

The National Union of Mineworkers, whose president James Motlatsi sits on the Anglo board and who opposed the move, expressed concern that Anglo's decision to have its primary listing in London would send the wrong message to potential investors.

NUM secretary general Gwede Mantashe said Anglo promised there would be no retrenchments, but unions had found that once companies went global job losses followed.

See ... Business Report

Factfile

- With funds raised from British and American sources, Sir Ernest Oppenheimer founded Anglo American in September 1917 with capital of £1-million
- It became South Africa's premier mining finance house and expanded to have direct business links with about 23 countries. It was South Africa's biggest international company, now set to become a London-based global giant with strong South African links. The company has tentacles reaching into every sector of the SA economy
- After building and dominating the SA economy for 81 years, the company has announced that it will merge with its offshore investment partner and have its primary listing on the London Stock Exchange. With the De Beers group and Minorco, Anglo is one of the world's foremost mining groups.
- It has investments covering metals and minerals, with gold, diamonds, platinum and coal representing the major mining interests.
- Its subsidiary Amcoal is one of South Africa's largest coal producers, and it holds interests in Rustenburg Platinum, the world's leading producer of platinum group metals.
- It spends more than R600-million annually on exploration ventures.
- At the end of the 1997/98 financial year Anglo American's investments, including loans and investment properties, were valued at R71,4-billion

1. Sir Ernest Oppenheimer in 1917 when he founded Anglo. 2. Anglo headquarters at 44 Main Street, taken in 1918. 3. Son Harry, 2nd CEO. 4. Gavin Relly, 3rd CEO. 5. Julian Ogilvie-Thompson, present CEO. 6. Grandson Nicky, CEO of De Beers.

Brave new world for Anglo

(210) Star 16/10/98

Corporation's move to compete with global players from London gets thumbs-up from SA Government and business, but worries union

By Ryan Cresswell and Simon Zwane

The usually subdued atmosphere at Anglo American headquarters in Johannesburg was shattered by thunderous applause and cheers yesterday 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 Anglo chairperson 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 movers in international business.

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 Minorco to create Anglo American plc.

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 move by South Africa's largest listed company to London will end 81 years of rich business history in SA.

The proposed combination 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.

Mbeki's office said yesterday the deputy president had been assured by Ogilvie-Thompson that Anglo had no intention of leaving South Africa by buying into Minorco. Mbeki referred the matter to Manuel for further discussion and finalisation.

"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," Mbeki's spokesperson Ronnie Mamoepa said.

Nicky Oppenheimer, whose family founded Anglo and still has substantial interests in the company, said he believed "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.

"There comes a time when companies – at least the really successful ones – must, like human beings, leave the comfort of home and measure themselves against the best in the wider world," Oppenheimer said.

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 accounts for about 4,5% of market capitalisation on the JSE.

Equisec economist Dawie Roodt said it made sense for large groups like Anglo to "go where the business is", but he did not see many corporations following suit because it would be a real prospect only for very large concerns.

He said Anglo was becoming a global company with a strong South African component. The merger might even provide a conduit for inter... capital into South Afric... "They are not abar... us," he added.

Anglo management ... in a statement that the form... of AA plc and the commitm... to developing core assets, both in South Africa and internationally, was in the interests of shareholders and of the country in a rapidly globalising world economy.

The National Union of Mineworkers, whose president James Motlatsi sits on the Anglo board and who opposed the move, expressed concern that Anglo's decision to have its primary listing in London would send the wrong message to potential investors.

NUM secretary general Gwede Mantashe said Anglo promised there would be no retrenchments, but unions had found that once companies went global job losses followed.

See ... Business Report

Factfile

- With funds raised from British and American sources, Sir Ernest Oppenheimer founded Anglo American in September 1917 with capital of £1-million.
- It became South Africa's premier mining finance house and expanded to have direct business links with about 23 countries. It was South Africa's biggest international company, now set to become a London-based global giant with strong South African links. The company has tentacles reaching into every sector of the ... economy.
- After building and ... the SA economy for 81 years, ... any has announced that it will ... its offshore investment partn... its primary listing on the Lo... ock Exchange. With the De B... up and Minorco, Anglo is one of the ... foremost mining groups.
- It has investments covering metals and minerals, with gold, diamonds, platinum and coal representing the major minin...
- Its subsidiary Amcoal is one of ... Africa's largest coal producers, and ... interests in Rustenburg Platinum, the leading producer of platinum ...
- It spends more than R600-m... on exploration ventures.
- At the end of the 1997/98 fina... Anglo American's investments, ... loans and investment propert... valued at R71,4 billion.

1 ... Ernest ... Oppenheimer in 1917 ... he founded Anglo. 2 ... Anglo headquarters at ... Main Street, taken in ... 3 ... Harry 2nd CEO. 4 ... Relly, 3rd CEO. 5 ... Ogilvie-Thompson, present CEO. 6 ... Nicky CEO ... Be...

Was the captain the first to leave the ship?

The loss of SA's golden child is seen by some as abandonment and by others as a blessing, writes SHERILEE BRIDGE

(210) ST (MT) 18/10/98

ECONOMIC patriotism came under the spotlight this week as South Africa's most illustrious company, Anglo American, announced that it was moving its primary listing from the Johannesburg Stock Exchange (JSE) to London

Unions called the move a slap in the face for SA while analysts battled to decide which flag to wave

Government, it seems, had no choice All of them, however, found something unusual about Anglo's decision to shift its primary listing and undertake a $10-billion merger with Minorco

London analyst John Clemmow of Investec Securities said while the decision was positive in that Anglo was embracing the transformation from a relic of the past to a modern mining house, it was also a show of no confidence in the SA market He anticipates that almost 40% of the stock market capital of SA will be listed in London

Billiton has opted for a London listing and there is talk that Old Mutual and SAB could be heading in the same direction

Some industry observers said as the second largest mining company worldwide, after Rio Tinto, and as the 40th largest company on the London Stock Exchange, Anglo would attract a lot of investment that would not have come to Johannesburg "Anglo's SA listing never hampered its growth in the past," said Clemmow, who suggested the decision may have been driven by the demands of some shareholders

The strong family shareholding and the crossholding was a major concern for BOE Securities mining analyst Barry Sergeant

He said the restructuring appeared to be more a rebundling than an unbundling If Anglo had unbundled, it could have unlocked an estimated R6 8-billion in value

"The system of crossholding results in the underlying share always trading at a a discount to net asset value, which equals discount traps," said Sergeant.

He said Anglo and De Beers holding 40% of each other was cause for concern because the international market did not like huge controlling shareholders

"It is also really curious timing This is the most inappropriate time for a listing in the metals and commodity cycle with the current slump in prices," he said

Another analyst suggested that the timing was a key to revealing the secret of the deal The trigger, certainly to the merger, was evidence that Minorco was slipping into a liquidity squeeze after recording poor half-year results and seeing interest paid exceeding interest received for the first time Earnings forecasts are not optimistic, with Anglo and Minorco earnings not expected to increase, particularly next year

Merrill Lynch mining analyst Bobby Craig gave the move a thumbs up, saying Anglo was doing what global companies do turning into an operating company with cash flow at the centre He was also surprised at the speed of the deal "They are fulfilling all the companies' longer-term goals in one step," he said.

'It sends all the wrong political signals ... the timing should have been assessed more carefully'

Globalisation was always on Anglo's agenda but the company's emigration has upset organised labour. Cosatu called on Anglo to reconsider its decision

It condemned the mining conglomerate, saying the move demonstrated a lack of patriotism Anglo, it said, more than any other company, had built its wealth on the back of colonialism and apartheid Cosatu said Anglo was only interested in making quick money, regardless of the consequences to SA's people

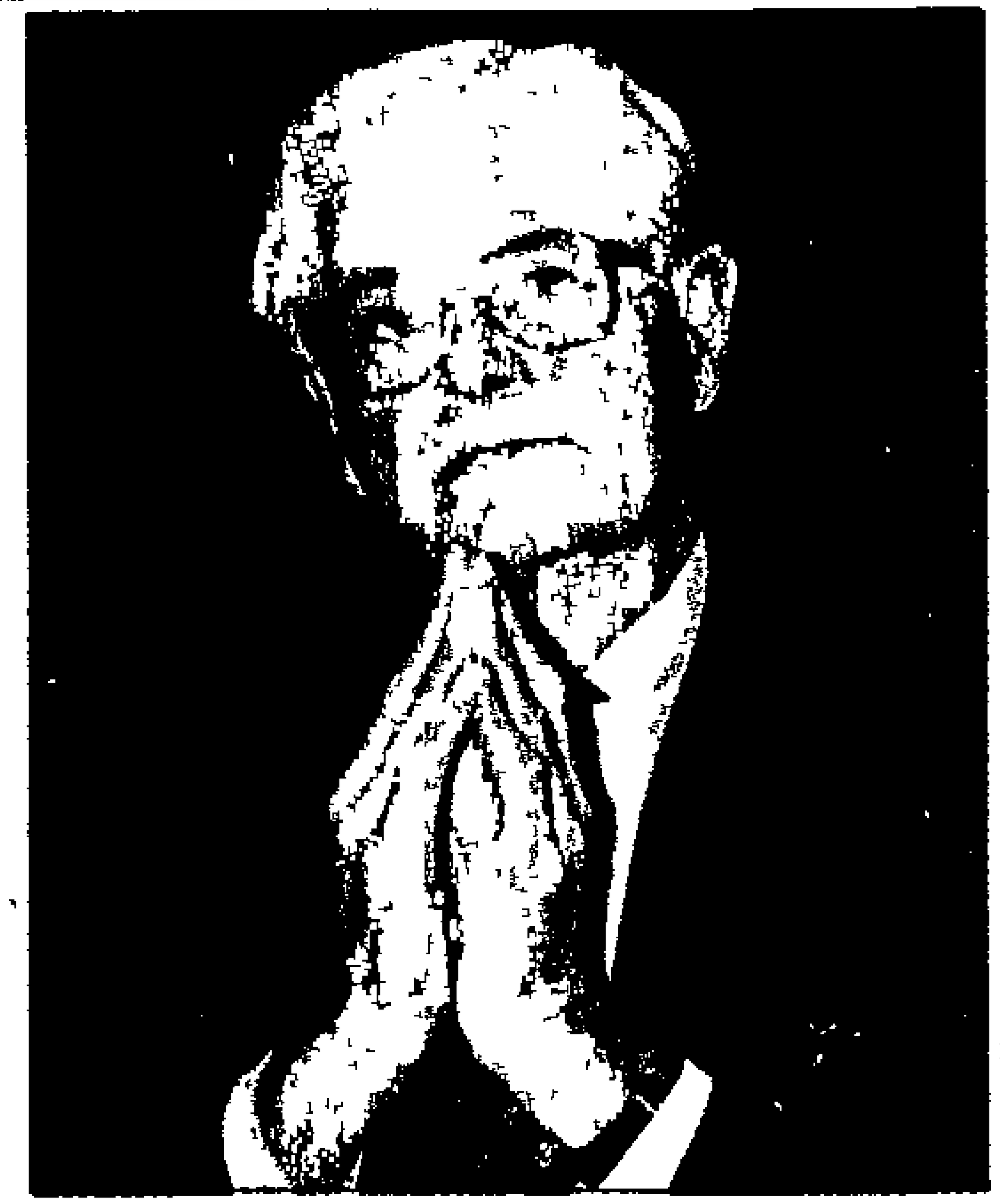
It said the announcement had come in the middle of South Africa's worst unemployment crisis when there was a need for massive investment to save the country from poverty and inequality "This was not only a slap in the face to the South African economy and its future, but to the entire region which relied on South Africa as the hub for industrial development," Cosatu said

The National Union of Mineworkers (NUM) agreed, saying SA companies seeking offshore listings are sending out the wrong signals to international investors

Anglo had chosen to optimise its share value over job creation

KEY MEN BEHIND THE ANGLO GIANT

NICKY OPPENHEIMER, deputy chairman



JULIAN OGILVIE THOMPSON, chairman and CE

HANK SLACK, London office

BOBBY GODSELL, Anglogold

NUM said the move was tantamount to a no confidence vote in SA's economy and its government However, it was the government which had given the deal regulatory approval

A senior African National Congress member said "It makes a lot of economic and financial sense It also gives Anglo massive growth powers which should trickle down into the South African economy But it no doubts sends the wrong political signals Maybe the timing should have been assessed more carefully," he added

A senior official at the South African Chamber of Business repudiated these concerns, saying benefits from Anglo's move far outweighed a potential political backlash "It is part of globalisation and that is the name of the business game these days. The essence of business these days is mobility and that is not necessarily a bad thing," said Sacob's Bill Lacey

"One must not be paranoid about such moves It can only be to our advantage as a country We benefit from technological knowhow and capital expansion as well," he added

Deputy president Thabo Mbeki felt assured the overseas listing of the new company would not reduce Anglo's contribution to the economy but will increase chances of operational expansion in SA.

Industry wary of new minerals paper

David McKay (210) BD 20/10/98

SA's mining industry is on tenterhooks ahead of government proposals for a new minerals and mining policy, to be released in a white paper today.

One concern is that provisions in the policy document which relates to mineral rights reverting to state ownership might be unconstitutional.

Anglo American Platinum Corporation chairman Leslie Boyd said in the group's year-end review published yesterday that it was important that legislation should avoid "challenge in terms of the SA constitution".

SA companies have the constitutional right to the private ownership of land, although it is unclear whether this also relates to mineral rights.

Boyd said government would have to "balance its desire to develop platinum mineral rights against the capacity of the market to absorb additional production" because the elasticity of the market to absorb new production was finite.

Government has recommended in draft policy papers that all mineral rights be vested in the state.

Of particular concern to mining companies is that they could be required to use their mineral rights or lose them.

Anglo American Corporation chairman Julian Ogilvie Thompson highlighted the value of "long-run access to mineral rights" by alluding last week to the recently announced R4bn Gamsberg zinc project. The project had been reviewed periodically over the past 20 years and now finally looked viable.

He conceded the need for change to the minerals right policy providing it was not "cathartic".

A number of mining industry leaders have broached the minerals and mining policy in their annual reports

Mike Salamon, the chairman of Samancor, a ferroalloys producer in the Billiton group, said in the company's latest annual report that ore reserves should not be compromised by the new mineral rights dispensation

Anglo American Coal Corporation chairman James Campbell said in his annual report that since coal was a primary energy source fuelling 90% of SA's electricity, securing low-cost power had to be "underpinned by the coal mining industry retaining significant coal reserve blocks for exploitation in the future".

LEGISLATION *Maduna rules out nationalisation and proposes transition period*

Mining white paper retains state role

(210) CT (PR) 21/10/98

JONATHAN ROSENTHAL
INDUSTRIAL EDITOR

Johannesburg — Penuell Maduna, the minerals and energy minister, yesterday took South Africa's mining houses head on when he released a white paper on minerals and mining policy that establishes as government policy the long-term objective of taking ownership of all mineral rights

But he said a transitional period, in which the right to prospect and the right to mine would vest in the state, could last for up to 20 years

"Indeed, I think we need a clear 20-year period to steer this elephant in the right direction," Maduna said

The details as to how this would be achieved would be spelt out in new legislation, which would probably only come before parliament after next year's elections

He also said new tax policies relating to mining would still have to be formulated by the ministry of finance

The document repeats many of the draft policy proposals in the green paper, released in February, with the main changes aimed at addressing some of the concerns of the mining houses as well as communities and small-scale miners

In March the Chamber of Mines, representing the mining houses, launched a stinging attack on the green paper

Nick Segal, the vice-president of the chamber, had said "Transferring the right to prospect and the right to mine to the state will, particularly in the deep gold operations, have a negative impact on the financial market's valuation of the companies concerned Those companies will lose what is called in the jargon 'their blue sky' their potential for future production and long-term growth At a stroke there could be a devaluing of South African mining companies"

Yesterday Maduna attempted to address the chamber's concerns by emphatically denying the government intended nationalising or expropriating mineral rights, arguing that its real intention was to free up minerals for exploitation "While we want to prevent hoarding of mineral rights and sterilisation of mineral resources, there must be no doubt that security of tenure will be guaranteed," he said "We do not want the industry to operate under a cloud of uncertainty"

Tokyo Sexwale, the former Gauteng premier turned diamond miner, appeared unexpectedly at Maduna's press conference and commended him on the policy

"We regard this white paper as a positive step which begins to position black miners in positive territory for the first time in the history of this country," he said

Gwede Mantashe, the general secretary of the National Union of Mineworkers, said the hoarding of mineral rights hampered investment

The commitment to a social plan to assist retrenched mineworkers, more than 86 000 of whom have lost their jobs in the past two years, "is a bit of progress", he said But the union hoped to resolve the details of a social plan through Nedlac

□ Business Watch, Page 2

GOING THE DISTANCE *Penuell Maduna kept his use-it-or-lose it approach to mineral rights in his white paper yesterday* PHOTO SELWYN TAIT


Anglovaal's Basil Hersov


Anglogold's Bobby Godsell


GFSA's Alan Wright


Anglo's Julian Ogilvie Thompson


JCI Gold's Brett Kebble


Billiton's Brian Gilbertson

Traditions overthrown in SA mining

The face of SA's mining industry has changed drastically in just a few years. Hilary Joffe looks at what happened

(210) BD 22/10/98

TWO years ago, SA had five mining houses. Within six months, it will have none — at least none with primary listings on the Johannesburg Stock Exchange

Gold Fields of SA (GFSA) is in the final stages of dissolution. Its gold assets were combined with those of Gencor to form the new Gold Fields — the rest are being sold or unbundled.

Gencor itself is little more than a shell, left holding Impala Platinum and the stake in the new Gold Fields after its non-precious metals assets were transferred last year into UK-based Billiton, which listed on the London Stock Exchange late last year

After a brief but disastrous black empowerment fling, most of the old JCI has been sold off to defray expenses, leaving only a gold company, JCI Gold, with two mines

The old family-controlled Anglovaal no longer exists. It has been replaced by two self-standing firms — in mining and industry

By contrast both Anglo and Billiton are more powerful than before — but by March neither will be South African. Nor will they fit the mould of the traditional SA mining house, which tended to be a rambling conglomerate, whose mining interests consisted of minority stakes in a collection of mines with which it had management contracts

Gencor broke out of that mould, taking control of its assets and streamlining these into seven focused commodity-based divisions before it formed London-listed Billiton. After a series of structural changes, Anglo too will have moved far from its original shape

In just a few turbulent years, the old-style mining house, a uniquely South African institution which was a mainstay of the economy for about 60 years, has gone the way of the dodo

Instead, first, in Anglo and Billiton, the sector now has produced a couple of large global resources houses who are setting themselves up to compete with the UK's Rio Tinto or Australia's BHP

Second, SA's mining finance sector now has several focused gold companies, along the lines of, say, North America's Barrick Gold or the Canadian "juniors". Top of the league are Anglogold, which took over and delisted Anglo's core gold assets when it was formed last year, and the new Gold Fields

The list also includes smaller companies such as Avgold, which was SA's first "junior" style gold company when it was formed in late 1996 to take in Anglovaal's gold assets and its exploration project at Target, as well as JCI Gold, Harmony and others. Added to this are some other commodity focused companies, such as Amplats and Implats

Third has been the creation of amiable joint ventures between partners who previously were bitter rivals. A decade ago, a joint Anglo-GFSA-Gencor press conference would have been unimaginable this year has witnessed a few such gatherings

The new Gold Fields and Anglo ended years of animosity over Driefontein, SA's richest gold mine, when they agreed to manage it jointly, with Gold Fields holding 60% to Anglo's 40%. Last week's deal on chrome and manganese group Samancor was more of the same, this time between Billiton and Anglo. Prompted by Anglo, which bid for GFSA's coal assets, the three houses got together earlier this year to form and inject assets into black empowerment vehicle, New Coal

For a variety of reasons, SA's first democratic elections in 1994 spelled the end of the mining house as we knew it, though it took a while for the various houses to take action

The forces for change were already there — broadly, the opening up of the economy from the early 1990s meant mining, like other SA industries, had to become competitive. That meant both changing the way it ran its domestic operations and venturing offshore, to seek new growth paths. The 1994 election helped make possible the restructuring which was essential anyway. And it opened up new opportunities

As long as the gold price was good, the priority of most miners had been to dig as much ore out of the ground as possible, since even fairly low grade ore was profitable — and it kept the mines' mills full.

That approach began to be a problem in the 1990s by the middle of the decade, with metal prices static, and costs, particularly labour costs, climbing, gold mines were in something of a crisis. Anglo and Gencor began seeking new ways to relate to labour and they intensified their attempts to mine only profitable ore

One added trigger for change in the industry was the 1994 shareholders' revolt at Randgold, which became a successful manager of marginal mines, where it cut costs in part by throwing out the traditional management contract. The example of Randgold, since unbundled (Harmony was one of its parts), increased pressure on the rest of the industry to shed old structures

Randgold had come out of the old (Old Mutual-held) Barlow Rand, which was unbundled in the early 1990s. Sanlam's 1993 unbundling of Gencor created further impetus for change. Gencor, having shed its industrial interests, set out to build a new, international empire by buying Royal Dutch Shell's Billiton assets in 1994. Chairman Brian Gilbertson began the process of turning the group into a more focused international resources house, setting up a new model against which other houses would be measured.

SA's pariah status and its exchange controls meant the mining houses, for the most part, missed out on a whole generation of global industry expansion.

While the North American gold companies were scouring the globe for new and exciting projects in the 1980s, SA's mining houses were spending their spare cash buying out the local industrial assets of disinvesting multinationals. Anglo bought the SA operations of Ford and Barclays Bank, Anglovaal bought Hewlett Packard's and Goodyear's, Gencor bought Mobil's

SA's geology has been pretty thoroughly explored and exploited. once SA's economy began to open up, and it became more politically acceptable in the late 1980s/early 1990s, mining houses such as Anglo, via offshore arm Minorco, Gencor and GFSA began to expand abroad, in Africa and elsewhere. But they have been constrained by exchange control and by the small size of SA's capital markets

They have been constrained too by the low ratings accorded SA mining shares, particularly in gold, which make it expensive to raise new equity capital to finance expansion. The restructuring of the mining houses aims to address the ratings problem. the London moves by Billiton and Anglo represent attempts to break out of financial constraints.

Billiton finance director Mick Davis commented last year that from an SA base, the maximum a company of Gencor's size could have raised was around \$350m, because it was limited to the pool of funds available to emerging markets. From a London base, with exactly the same assets, it raised \$1,5bn last year — because it could tap into a wider global pool.

For Anglo, which does not need to raise new capital now, the London move was triggered differently. In Minorco, it already had an offshore expansion vehicle, but Minorco was running out of cash and pressure was growing to integrate local and offshore operations. London was the only real way it could do this. But long term, the primary London listing and a place in the FTSE 100 could, as for Billiton, make it easier and cheaper to raise capital.

However, it is early days yet for SA's new-look mining industry. New structures are in place as, in many cases, are new and younger bosses. An industry which was complacent for a very long time is now focused on performance and growth. The new-look gold houses, particularly, are proving that SA's mines can achieve the efficiencies of their peers elsewhere. The new-look mining companies are finding fairly wide acceptance abroad, enabling them to bid for attractive projects

But there is much still to prove. The recognition in global markets may take time yet.

Govt ushers in new era in mines policy

(210) BD 23/10/98

The white paper for a new mining and minerals policy has the industry nervous, writes mining reporter David McKay

THE mining industry can have no objection to the principle behind the white paper released by Minerals and Energy Minister Penuell Maduna in Pretoria this week

The document expresses the state's desire to become the custodian of SA's mineral rights and to prevent the hoarding and effective sterilisation of mineral rights The intended beneficiaries are new black mining entrepreneurs such as Tokyo Sexwale, a significant private sector presence at the launch of the white paper

In short, government is cutting an important thread of the apartheid era the widely perceived injustice of SA's mining history in which two thirds of all mining land was controlled by a white minority Taken in this vein, the white paper has symbolic and emotional weight as well as delivering on a central political goal of SA's first democratic government

Yet noble as the aim of the white paper might be, it is the execution of its purpose which has nerves of the mining establishment jangling As one senior mining official says, the white paper is more a statement of intent and lacks clear definitions "It is short on specifics, slightly enigmatic and more interesting for what it does not say"

To its credit, the white paper attempts to assuage mining industry fears of large-scale expropriation It says that it will not take away the licence to mine from certain mining companies if they can show the land is crucial to their existing operations Unfortunately, no definition is provided as to what government understands as an "existing operation"

In some cases government will even grant a retention licence This licence will enable a certain miner to retain explored mineral-bearing land which cannot immediately be developed because of the business climate at that time Government says the licence will be granted for a limited period, but gives no specifics as to what length of time this might be

A third and crucial concern of some mining officials is the compensation paid for having unused mining rights transferred to another party How is this compensation to be calculated as a formula or according to the market value of the original mineral rights holder? Again, no details are provided

Anglo American Platinum Corporation's John Dreyer says many of the issues will have to be ironed out when the white paper is translated into legislation Ultimately, what existing mining firms want is little disruption to their plans and operations

Ironically, the "use it or lose it" approach to mineral rights might not help to create a new black business class at all It may, instead, usher in a period of intensive investment in SA by foreign mining companies those with hard currencies and mining knowhow

It could be argued that these companies may feel compelled to encourage the participation of local black business in their mining plans Yet if the motivation for this is one of political expediency, it surely falls short of authentic black empowerment?

Maduna said the process of altering the pattern of SA's mineral exploitation would take about 20 years to complete This seems reasonable It implies the new mineral policy will be methodical and temperate

Nonetheless, the minerals and energy department has presented itself with a bureaucratic Everest to climb According to the white paper all mineral rights holders will have to reapply for their mining licences Hundreds of applications will have to be dealt with speedily so as to create the impression that the new mining and minerals policy has direction

This interim period may be uncomfortable for mining companies unable to assure their shareholders of the full extent of their company's mineral reserves and ultimately, the value of their company

Some issues have not really been tackled at all by the white paper It skirts, for instance, the question of alterations in the tax regime for mining ventures, saying that it will review the findings of the Katz Commission when they are released

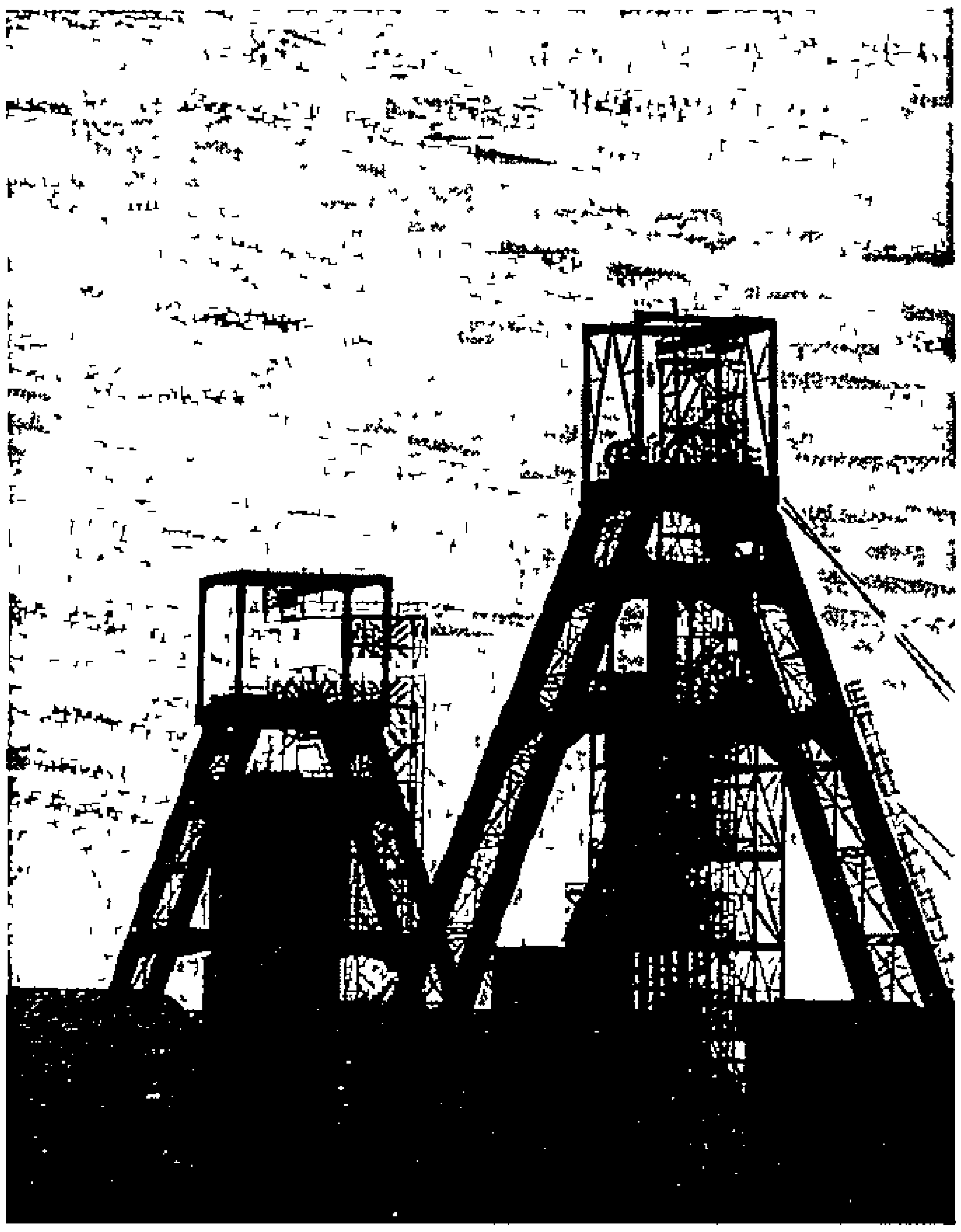
The paper does say, however, that a tax should be imposed on privately-held mineral rights to open access to such rights If the owner of the mineral rights is unable or unwilling to pay a mineral rights tax, the rights may either be sold to a willing purchaser or transferred to the state at no cost

To be fair, government is not entirely dogmatic on this point. It recognises that such a tax may not be payable by operating mines or where the retention of mineral rights is part of a long-term mining strategy that the government deems is in the national interest, or indeed, where active exploration is taking place

Nonetheless, the consideration has raised the ire of the SA Agricultural Union which said yesterday that an inherent feature of a tax system is neutrality "Tax as such must not dictate the production and investment decisions of an enterprise"

The union goes a step further on the white paper in general, claiming that the transfer of privately owned mineral rights to the state effectively results in nationalisation

Whether government is, in fact, nationalising mineral rights is a vexed question As an economic strategy, nationalisation has rarely benefited any national interest It may also be unconstitutional — as suggested by Anglo's Leslie Boyd — as mining companies have the right to private ownership



The proposed minerals policy has caused some jitters in the industry

Mines that become leaner may be meaner rather than smarter

MG 28/10/98 (210)

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 gardener of the year" In the 1990s, however, the author argues that mine managers should refocus 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 "noncore" 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 noncore and core functions in the mining industry is nothing new Mines have traditionally outsourced functions such as shaft sinking services and underground construction

Before the 1990s mines began subcontracting non-core functions such as catering, cleaning, security and the maintenance of hostels

Even as far back as the 1920s mines subcontracted "core" mining activities to teams of workers on a relatively widespread basis

This practice stopped 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 14 000 employees lost their jobs, according to the Gold Crisis Committee

While mines are retrenching workers, they are increasingly subcontracting their core work In the context of the drastic downscaling, Davidson's calls for a leaner mining industry seem rather ironic

The question should be asked as to whether restructuring through retrenching and sub-contracting is really "smarter"

Indeed, workers who are rehired by the contractors often face 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

The new Mining Health and Safety Act of 1996 increases employers' responsibility for monitoring and remedying health safety problems

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

"They 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

(210)

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 Penuell 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

Cover Story

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 R65bn, 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 553 000 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 Sudelektra 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"

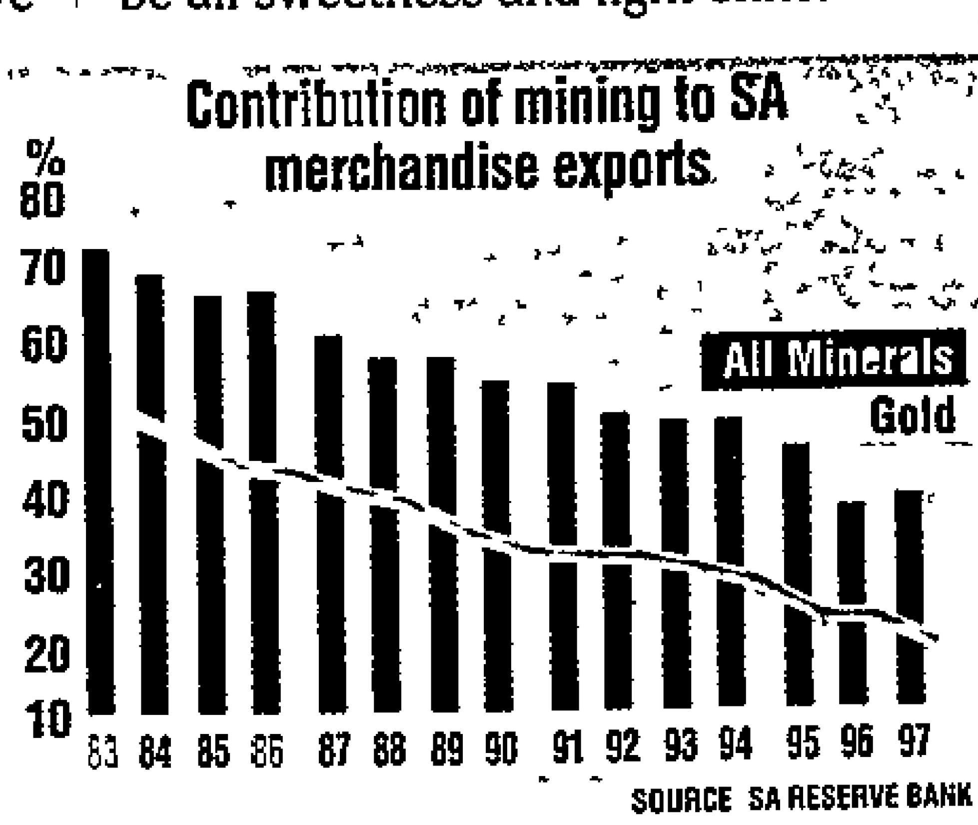
Chamber of Mines president Bobby Godsell says the chamber is "unconvinced" it's necessary to move from private ownership to State ownership of mineral rights But he adds "We believe the transitional arrangements proposed in the White Paper can work if implemented in the spirit of the document as a whole"

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	% of world reserves	World rank
Manganese (metal)	81	1
Chromium (ore)	68	1
PGMs	56	1
Vanadium (metal)	45	1
Gold (metal)	40	1
Alumino - Silicates	37	1
Vermiculite (ore)	40	2
Zirconium Minerals (metals)	26	2
Titanium Minerals (metals)	17	2
Antimony (metals)	5	2
Fluorspar (contained CaF)	12	3
Phosphate Rock (contained concentrate)	7	3
Diamonds (gem and industrial)	N/A	[illegible]
Zinc (metals)	5	4
Coal (bituminous and anthracite)	11	5

SOURCE CHAMBER OF MINES

Penuell Maduna

FM 27/11/98

THE MINERAL RIGHTS

potential winners and losers in the proposed new mining game (210)

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 net present value calculations become meaningless beyond that

The reason Amplats 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 80% — about 12bn t — of the world's known deposits of high-grade manganese ore Samancor controls about 8bn t of it and the balance is held by Associated Manganese Samancor produces about 2 Mt of manganese ore a year and about 0,5 Mt of manganese alloys

Amplats 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 Amplats 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 "

Amplats' 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 juniors 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 Peet 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

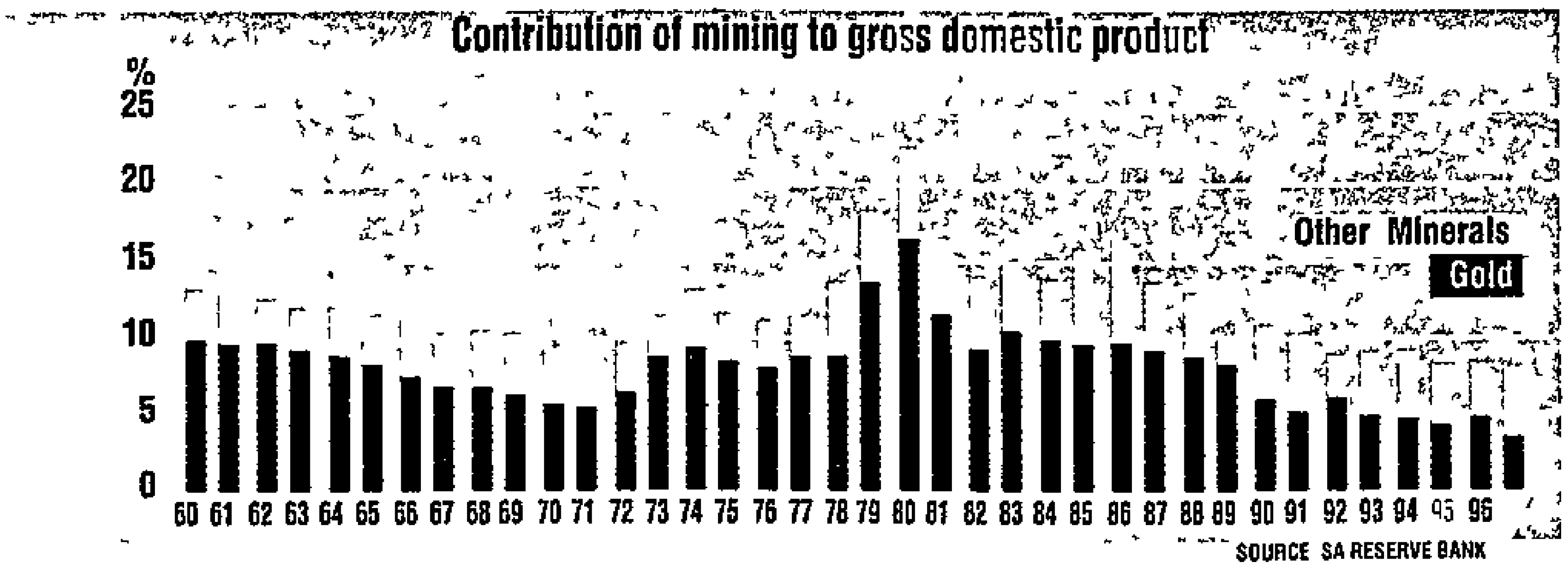
The group is embarking on joint ventures with junior mining companies, which do the mining while Impala treats and refines the ore on a toll contract basis The first one is already under development near Brits with Australian junior Kroondal

"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, Amplats' 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 R6bn has been wasted on disastrous developments such as Northam, Crocodile River and BHP's Hartley mine in Zimbabwe

Pic Robert Tshabalala



P.T.O.

Economy & Busine

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 has done considerable environmental damage elsewhere and mining industry executives stress 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 **Brendan Ryan**

■ *Click on this story in* FM Interactive *(www fm co za) for a link to the full White Paper*

MINING - GENERAL

'8 1999

POLITICS & PARLIAMENT

Minerals sector in line for investment boost

R57,8bn has been committed to projects which will draw largely from local resources

. BD 10/2/99 (210)

Linda Ensor

CAPE TOWN — A total of R57,8bn had been committed to investment in minerals projects over the next few years, Minerals and Energy Minister Penuell Maduna said yesterday

More projects, with a potential investment of R38bn, 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 minerals

"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 R9,2bn 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 Kluever 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

CT(BR)15/2/99 (a10)

JAMES LAMONT

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 Ikwezi 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 Mintco over technical and infrastructural support to small scale miners in Barberton and the registration of Shisa Coal at the Magdalena colliery near Newcastle

Shisa coal absorbed small-scale miners into its mining operation

"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

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

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*

PHOTO: [illegible]

Landmark mining ruling

(210)

ENVIRONMENT

By JANETTE BENNETT

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 Rietspruit 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 *audi* 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

ST (BT) 14/3/99

Maduna eases on mineral rights

ET (MK) 14/4/99 (210)

Roy Cokayne

Pretoria – Penuell 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

Penuell Maduna now espouses a 'use and keep' policy

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 co operation 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

(210) BD 14/4/99

Ilja Graulich

MINERALS and Energy Minister Penuell 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

ET (BR) 22/4/99 (210)

Ncaba Hlophe

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 Penuell Maduna, 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 500ha of diamond-bearing gravel

Small mines fall under ILO gaze

(2/10)

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 depended 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 5 500 small-scale mines that employ 10 000 labourers, according to the ILO

BD 17/6/99

SMALLSCALE MINING (210) FM 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 Petra 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 Fourie du Preez

He says illegal mining on Consolidated Modderfontein (Cons 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 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

Gem of an idea *Noble Minerals MD Noelene Gullan, with the backing of financier David Romero, plans to harness the talents of informal miners at Refentse in North-West Province (below)*

The mineral rights to this 2 000 ha deposit of diamond-bearing alluvial gravel are held by the local Ba-Ga-Maidi 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 Noelene 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"

Brendan Ryan

NY NEWS

Carmaker demand drives Rhodium

(210) CT(MR)

ANTONY SGUAZZIN

Johannesburg – Platinum miners in South Africa, the world's top producer, expect revenue to be boosted as the price of rhodium, a platinum mining 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 $930 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 "It will add R200 million to R300 million to revenue"

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 on 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 5,4 million ounces according to Anglo American Platinum, the world's biggest platinum producer

Stricter pollution legislation implemented this year and next year in the US, Europe and Japan is expected to boost demand even further

Lonrho 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 Farmer, Lonrho 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 Amplats sales, said Johan Odendaal, 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 $579 million, largely because of the rise in palladium income

Impala said in February that first-half sales rose 21 percent to R1,87 billion Amplats' revenue for the same period climbed 22 percent to R3,44 billion The rise in revenue has boosted the companies' stocks

This year Impala has more than doubled to R161, Amplats has surged 76 percent to R137,20 and Lonmin has climbed 58 percent to £4,95 – Bloomberg

Parties agree on radiation levels

(66) (210) (212)

Linda Ensor

CAPE TOWN — The National Union of Mineworkers (NUM) and the Chamber of Mines have reached 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 Smunda Mokoena told Parliament's committee on minerals and energy yesterday that in terms of the agreement the regulating authority to be created would also monitor radiation levels in the mines

The original draft of the bill excluded the mines from the jurisdiction of the authority leaving them to the inspectorate This led to fears by NUM that this would result in lower standards of radiation protection It suggested the inspectorate had not effectively dealt with the problem of dust on the mines

Mokoena said the department agreed in principle with the amendments and would present them to the state law advisers for incorporation into the bill Still to be resolved was the independence of the regulator, an issue for the minister

BD 7/9/99

Deadlock broken over atomic bills

(210) (56) CT (MR) 7/9/99

LYNDA LOXTON

PARLIAMENTARY CORRESPONDENT

Cape Town – The National Union of Mineworkers (NUM) and the Chamber of Mines had reached an initial agreement to break the deadlock over two draft bills on the regulation of nuclear energy, Smunda Mokoena the deputy director general in charge of energy, said yesterday.

Mokoena told the national assembly's portfolio committee on minerals and energy they had agreed that mines should be governed co-operatively by the proposed National Nuclear Regulator (the former Council for Nuclear Safety) and the department of minerals and energy's Mine, Health and Safety Inspectorate.

Most mines especially gold mines emit some form of radiation and the chamber has objected to the fact they have been regulated by the council under strict international guidelines more suited to nuclear power stations than to mines The draft bills did not change this rule.

He hoped to put the proposed agreement to the committee today.

The National Nuclear Regulator Bill and the Nuclear Energy Bill have been held up in parliament since the beginning of the year because of disagreements about who should regulate radioactive emissions in mines and the extent to which the regulator should be an independent body There were also concerns about several health and safety issues.

Mokoena said the department believed the extent of the regulator's independence should be decided by the minister. Some members are believed to want the regulator to be completely 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 convening of parliament.

Attempts by Nedlac 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 Nkosi of the ANC has been re-elected chairman of the committee. He said yesterday it should decide on whether to recall any of the witnesses from the first set of public hearings.

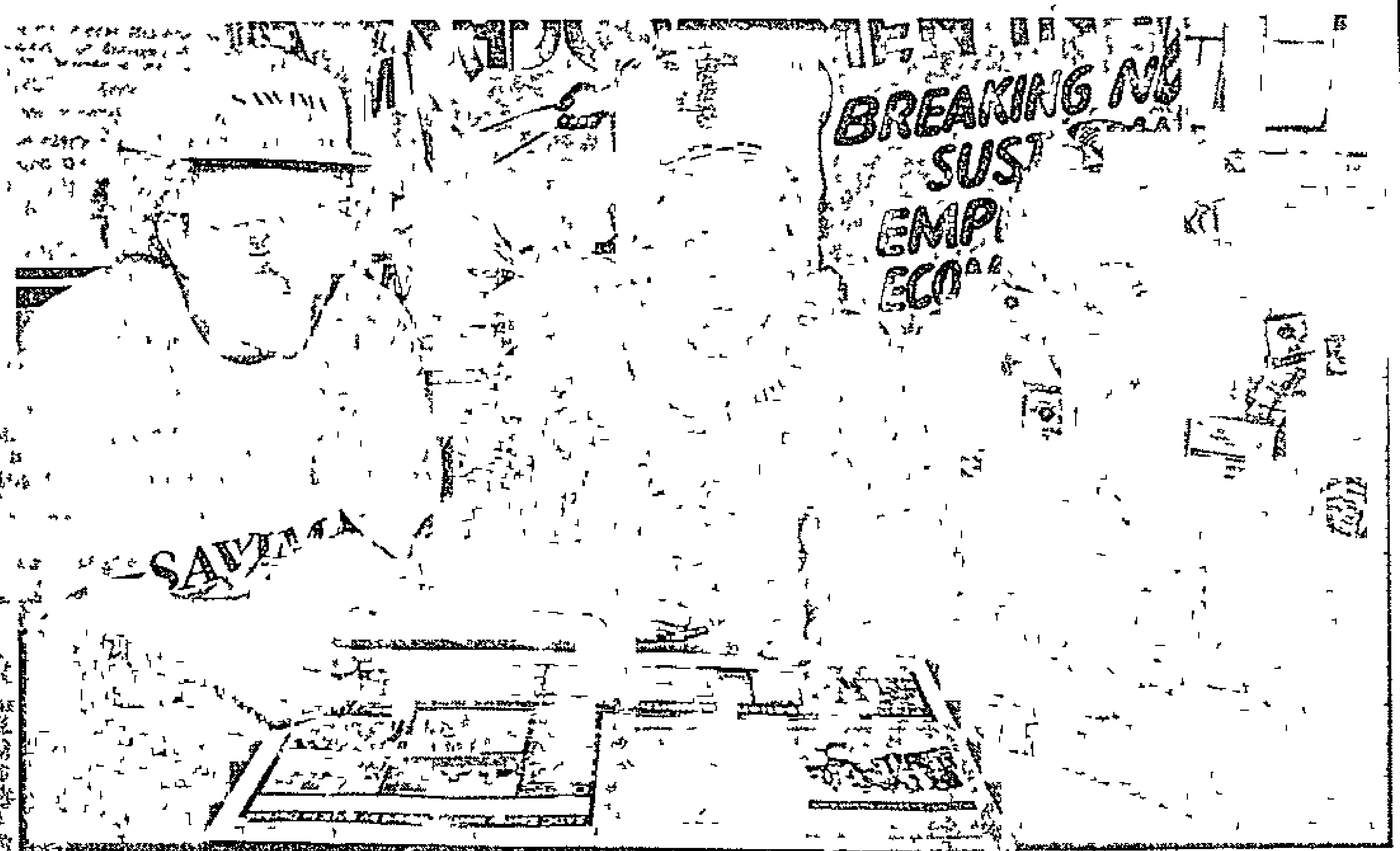
Sources said it was vital the bills divided the Atomic Energy Corporation into two distinct entities: one to regulate the industry and one to undertake commercial nuclear related activities

On reports that gas pipeline policy had been delayed Mokoena said it had been decided this policy should be combined with a pipeline policy for the liquid fuels industry and become part of the department's integrated energy planning process

Now women miners can dig it too

(211) BD 10/12/99

Approximately 4 000 women are working on big and small mines in SA, writes Caroline Christierson



Minerals and Energy Minister Phumzile Mlambo-Ngcuka, centre, with the co-ordinator of the Women in Mining Conference, Boni Nokwindla, left, and Namakau Kaingu chairman of the Women in Mining Trust, at the Women in Mining Conference in Pretoria last week Picture: ROBERT BOTHA

IF THE idea of five women working on the Kaingu mine in Zambia seems unusual the sight of the female owner of the mine directing their work might seem downright strange

However Namakau Kaingu s small-scale mining operation in Zambia is not unique

Female miners make up a small but rapidly growing section of the mining workforce in southern Africa

More than 1 000 women are employed on large-scale mines in SA alone They are involved in digging, blasting, management and gem-cutting

Since the Mine Health and Safety Act was introduced in 1996 women miners have been able to work in jobs previously dominated by men, including underground and night work

More women work in SA s small mines than in larger enterprises Chamber of Mines manager, international liaison, Reinoud Boers says that there are about 3 000 women working in small mines

Boers says that this estimate is approximate because many small-scale mines are illegal and do not show up in statistics

The Women in Mining Conference, hosted last week by the minerals and energy department and sponsored by Amplats, was attended by 130 delegates representing a range of occupations — from miners to managers — from the Southern African Development Community (SADC)

The main focus of the conference was to consolidate the SA Women in Mining Association (Sawima) which will operate on a national level The association is affiliated to the SADC Women in Mining Trust

The trust was formed in 1997 as a result of a United Nations development initiative Its vision is one of a "vibrant and transparent mining sector where gender imbalances do not exist"

Kaingu, chairman of the trust, says the main problem facing women miners, is a lack of visibility and recognition She says the trust and Sawima aim to expand training and education for women at all levels of mining and to create opportunities for provision of loans

The trust's emphasis on women in small-scale mining is highlighted by Boni Nokwindla, senior mine inspector in the minerals and energy ministry

She notes that, as the larger mines cut back on labour, many male and female miners are developing their own small-scale mining operations

Women in small mines often lack training, management skills and an understanding of the legal and financial aspects of the industry This leaves them vulnerable to exploitation

The objectives of the trust include encouraging environmentally sound mining practices instituting revolving loans and providing collateral security, helping miners market their products and creating a mining database, library and information centre

These objectives coincide with Technology for Women in Business, a framework that has been extended from the department of trade and industry to encompass women in mining

Kanyo Gqulu spokesperson for the minerals and energy ministry, says the framework aids networking and mergers between large and small companies and mentorship

The trust encourages governmental support of women miners throughout the SADC region

The subsequent benefits for governments, as seen by Kaingu, are job creation, a contribution to the economy, and the creation and maintenance of roads and bridges in rural areas by miners

In her speech at the conference Kaingu described the mining industry as a "historically male-dominated area of our economy" However, she assured her audience that "the women in mining mean business and would like to enter the next millennium united and ready to work and produce results"

Thefts threaten SA's white gold industry

M+G 11-17/12/98 (210)

Tangeni Amupadhi

An upsurge in crime syndicates dealing in "white gold," one of the world's most expensive metals, has reached a level of sophistication that could threaten South Africa's world-leading platinum industry

The South African Police Service's detectives said illicit deals in platinum — sometimes called white gold — have increased 12 times in the past three years

"What we can lay our hands on is the tip of an iceberg," said Superintendent Piet Otto of the diamond and gold unit. "There is a huge market. There are syndicates operating in Johannesburg, but the final product is sold abroad. If we can't minimise the theft, it could affect the industry and may lead to retrenchments"

One of four major companies producing platinum has recorded losses of more than R7-million this year.

South Africa produces about 70% of the world's platinum requirements, with Russia producing most of the rest Platinum sells at about $340 an ounce compared to $300 for gold The platinum industry employs about 80 000 workers in South Africa

The extremely precious metal has more uses than gold, but one of the companies' representatives said platinum has always been difficult to steal because it is not as easily malleable as gold, and it is more expensive to mine

Jewellery is the primary use for platinum But its ability to clean pollution in motor exhaust systems (it is an important component in catalytic converters), glass-making, refining oil and a horde of other industrial uses make it the most sought-after metal

Captain GJ Vosloo, who works for the diamond and gold unit in Rustenburg in the North-West province, said the platinum underworld has acquired "backyard smelters" that it uses to refine the metal before exporting it "The theft of these metals has become so sophisticated that high-grade metals are taken from the most inaccessible places," says Vosloo Most of those arrested are platinum mine workers who supply the syndicate

Most of the stolen platinum is sold in Europe and the United States Otto said the police's work is made more difficult because outside South Africa possession of the metal is not illegal.

In one of South Africa's biggest platinum cases, five men from Lenasia, south of Johannesburg, appeared in court two weeks ago, charged with possession of and dealing in 350kg of platinum estimated to be worth R3-million The "platinum powder" found at a warehouse that police said was controlled by Vijandrakumar Naidoo, a well-known resident of Lenasia, and his friends, was reportedly sealed in plastic bags, packed in cartons and "ready for shipment"

The 36-year-old Naidoo, his co-accused, Rajan Naidoo (33) and Kevin Naidoo (22), are free on R50 000 bail each. Two other suspects, Chetty Yegamurum (48) and Sunmugum Pillay (54), were released on R20 000 bail.

In November 1995, Vijandrakumar Naidoo was robbed of R2-million when three policemen posing as diamond and gold unit detectives from Durban raided his house on the pretext of searching for diamonds They found no diamonds but took R2-million in cash from his safe