



**FW de Klerk**  
FOUNDATION

## **STATEMENT ON THE 2017 MINING CHARTER**

The FW de Klerk Foundation has taken note of the publication of the 2017 Mining Charter with a great deal of concern. On Friday, the shares of mining companies fell by an average of more than 5%. Some assess that as much as R50 billion was wiped off their market value.

The Government has a constitutional and legal responsibility to empower black South Africans and the Foundation supports this worthy goal. However, given who the Minister is, the long shadows cast over him via the #GuptaLeaks and his association with them, we wonder who the real intended beneficiaries are. Frankly, we are concerned that a Minister who is criminally liable and possibly dishonest, has the audacity to make such profound changes to one of the key economic pillars of the country, when the country is economically in dire straits. We cannot but suspect that he is serving the interest of the captors of SA Inc in the name of transformation. Apparently the ANC, who have requested an urgent meeting with Minister Zwane, have the same concern.

The fact that the Minister's largest stakeholder, the mining sector, has given notice that they will take the Charter on legal review is a bad sign. At best, it indicates that the Minister could not reach consensus with his largest stakeholder (whose profits must drive the process) and at worst, that something has gone seriously wrong in the relationship between the Minister and the Chamber of Mines. The fact that a number of black South Africans involved in the industry have voiced grave concerns about the Charter, aggravates this concern.

The Charter represents a package of radical measures, for example that middle management - where the real production work in mines is done - should be 80% black; as well as companies involved in the procurement of goods (70% BEE Entity) and services (80% BEE Entity). To implement this with a failing education system and a lack of skills, in a time when the economy needs investment to grow, and when unrest and unemployment and a lack of investor confidence beleaguer the sector, amounts to madness. It leaves one with the impression that the drafters (read government and specifically the Department and the Minister) have no idea how investors think, how investment works and how sustainable jobs are created. This Charter could not have come at a worse time for the mining sector.

Transforming the mining sector and creating investment incentives are not mutually exclusive, but the Charter fails this balance and is likely to scupper any potential investors in the sector. As one black female owner of a mining company pointed out, it will scare *all* investors, not just those who are invested in the previously white-owned mines. Investors are not opposed to transformation and decent jobs as such, if the goals and targets didn't keep shifting. This is, unfortunately, happening more often than not.

The Foundation is of the opinion that more and serious discussions should be held between the Government, the Chamber of Mines, the ANC and other relevant stakeholders to address the issues mentioned above. If this is an example of Radical Economic



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Transformation, then we as a country are on a slippery slope - especially if other sectors are expected to follow suit.

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