



Chamber of Mines of South Africa
Putting South Africa First



MEDIA STATEMENT

FOR IMMEDIATE RELEASE

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CHAMBER OF MINES SUPPORTS THE MPRDA AMENDMENT BILL

The Chamber of Mines generally welcomes and supports the Mineral and Petroleum Resources Development Act (MPRDA) Amendment Bill that was approved by the National Assembly in Parliament on 12 March 2014. The Chamber believes that significant progress has been made in addressing the mining industry's concerns with the first draft of the Bill that was published on 27 December 2012.

The process of amendments to the MPRDA had its genesis in the Mining Industry Growth, Development and Employment Task Team (MIGDETT) in 2010 when the mining industry stakeholders recognised the importance of making amendments to the Principal Act. These amendments were necessary in order to streamline administrative processes (such as environmental licensing), to provide clearer guidance to Ministerial discretion and to provide for greater regulatory certainty. Over the course of the past 13-months the Chamber has had extensive engagement with the Department of Mineral Resources and has provided substantial input into the Parliamentary process on the draft legislation.

Significant progress has been made in finding common ground on key areas of concern, with a focus on improving regulatory certainty, promoting investment and transformation and helping the mining sector to enhance its contribution to the National Development Plan. The streamlining of the environmental authorisation process to create smarter green tape for mining, the streamlining of the license application system including an adjusted third party driven mechanism to trigger a Ministerial invitation (in section 9), the agreement by government to set out in regulations to be drafted clear criteria and timelines regarding Ministerial approval of a change in controlling interest of a listed company (section 11), the extension of areas in section 102 for consolidation of rights, the adoption of the principle of proportionality regarding sanctions and penalties are some of the examples of issues that were resolved during the engagement process. This could have only been achieved through coherent leadership both from the government and the sector.

There has been considerable speculation regarding the amendment to section 26 on beneficiation. The Chamber supports the government's drive to promote greater beneficiation in South Africa. It also supports the Minister's prerogative to designate a mineral as strategic in support of the beneficiation objective, which will be done in consultation with the related mining companies.

The Chamber is supportive of a more partnership driven approach to the designation of minerals and related to critical issues such as primary energy security. The decisions related to local supply will be on the basis of consultation and Ministerial determination. The critically important pricing issue for the portion of domestic sales of a designated mineral has been resolved with the adoption of the concept of "mine gate pricing or another agreed price", which is clear and transparent. Mining companies with existing mining rights and that meet other legislative requirements will not be required to apply for export permits, unless exporting for a third party.

Given that the ANC as the ruling party has rejected wholesale nationalisation as a policy option for South Africa, that government is working with business and labour to promote growth and transformation in the mining sector and that any taxation question will be dealt with in the Tax Review Committee process, the Chamber believes that greater policy certainty is being created for the South African mining sector. While further work is required on developing the regulations that will help give effect to the MPRDA Amendment Act, the Chamber is firmly of the view that through this problem solving process greater regulatory certainty is emerging for the mining sector.

The Chamber was not party to the discussions that took place between the DMR and representatives of the oil & gas industry on section 86A, the Chamber hopes that a resolution can be reached that is in the best interests of our country.

It is the Chamber's firm view that through collaborative problem solving partnerships between the key stakeholders the policy, regulatory and operating environment can continue to be improved, which can spur investment and growth in the mining sector for the benefit of the country as envisaged in the NDP. This is because mining and minerals matter for the growth, development and transformation of South Africa.

Issued by the
Chamber of Mines of South Africa

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