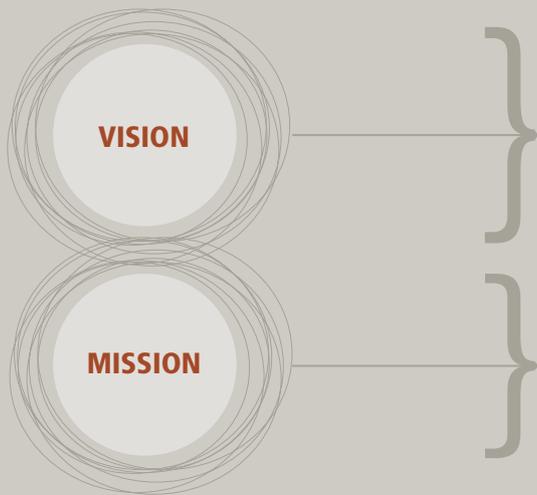




INTEGRATED

ANNUAL REVIEW **2015**

REPOSITIONING THE
SOUTH AFRICAN MINING INDUSTRY

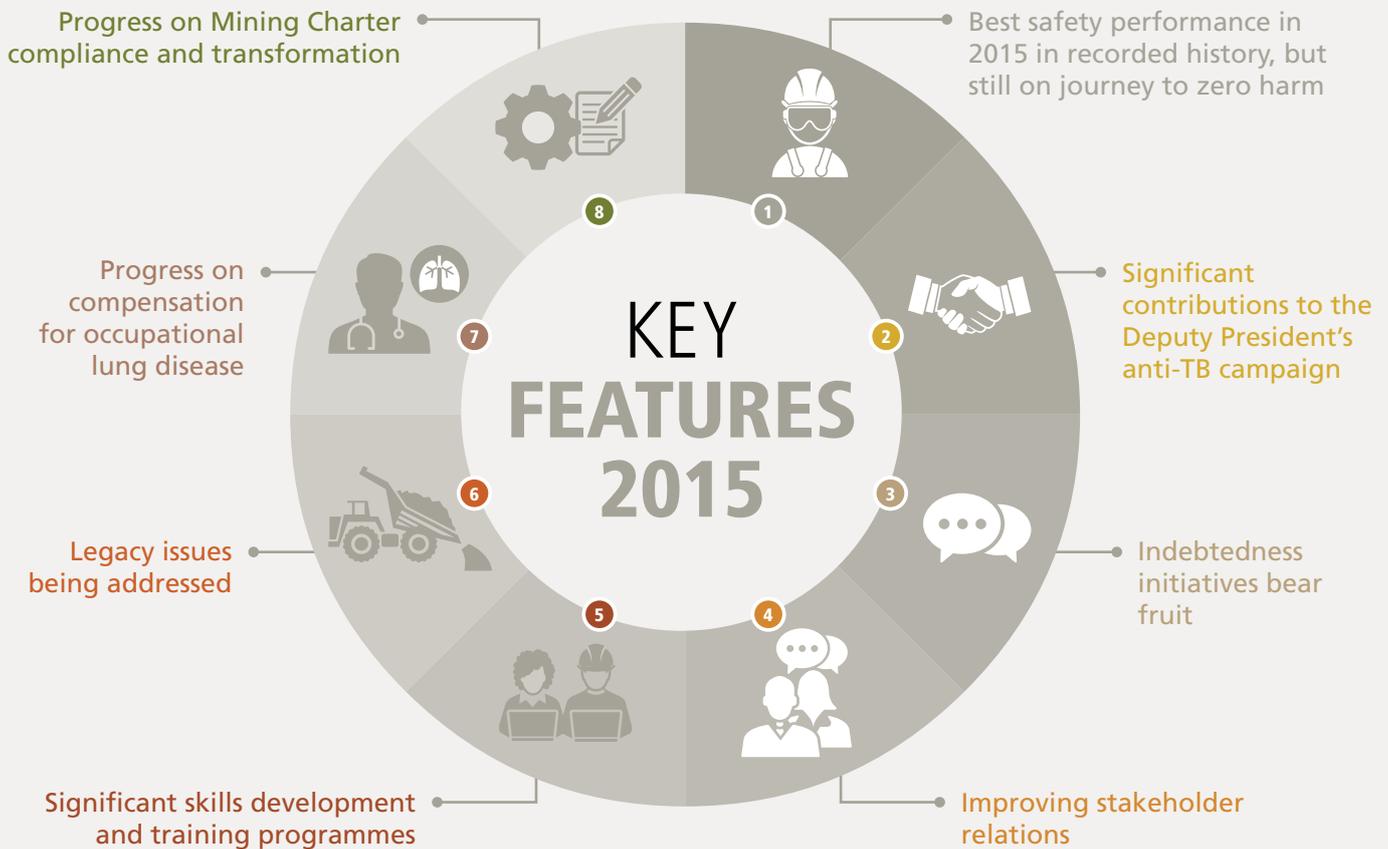


THE VISION OF THE CHAMBER

The Chamber's vision is to reposition the South African mining sector as the country's foremost industrial sector. In partnership with our key stakeholders, we envisage an environment that is conducive to shaping policy and legislation to facilitate the doubling of real investment in the mining sector by 2030. Such an outcome would be positive, and a game-changing catalyst in helping the country to achieve its economic growth, development and transformation targets as articulated in the National Development Plan (NDP).

THE MISSION OF THE CHAMBER

The Chamber is committed to taking a leadership position in the South African mining space, working with its members and key stakeholders in becoming the most respected, capable and trusted advocacy organisation for the mining sector in South Africa. In seeking to realise its vision of a positive turnaround in the mining sector, the Chamber works in problem-solving partnerships with its key stakeholders.



OUR MEMBERS

Gold: AngloGold Ashanti; Sibanye Gold; Gold Fields; Harmony; DRDGOLD; Village Main Reef; Pan African Resources

Coal: Anglo Thermal Coal; South32 Coal; Kuyasa Mining; Optimum Coal; Kangra Coal; Siyanda Coal; Sasol Mining; Shanduka Coal; Glencore Xstrata; Exxaro; Total Coal; ARM Coal; Coastal Fuels; Jindal Africa; Coal of Africa; Msobo Coal; Mbuyelo Group; Ledjadja Coal; STA Coal; Dedicool; Vaalbult

Diamonds: De Beers; Petra Diamonds; Trans Hex; South African Diamond Producers' Association

Platinum: Anglo American Platinum; Lonmin; Implats; Ivanplats; Northam; ARM Platinum; Royal Bafokeng Platinum; Wesizwe; Platinum Group Metals; Mvelo Platinum; Sibanye Platinum; Glencore Platinum

Base minerals/Industrial minerals: Kumba Iron Ore; Richards Bay Minerals; Glencore Alloys; Imerys; Pretoria Portland Cement; Black Mountain Mining; Palabora Mining Company; Kalagadi Manganese; Cronimet Chrome; Vametco; Tshipi é Ntle Manganese

Other: Aveng Mining; RedPath; Fraser Alexander; Atha Group; Murray and Roberts; Corobrik; Rio Tinto; Anglo American; Siyanda Resources; Thebe; Shanduka; Clay Brick; Aggregate and Sand Producers Association of Southern Africa

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Gold pour at AngloGold Ashanti's Mponeng gold plant

ABOUT THE CHAMBER OF MINES

The Chamber of Mines of South Africa (the Chamber) is a mining industry employers' organisation that supports and promotes the South African mining industry. The mining companies which are members of the Chamber collectively produce 90% of South Africa's mineral production by value.

The Chamber serves its members and promotes their interests by providing strategic support and advisory input and represents its members in all key policy debates affecting mining.

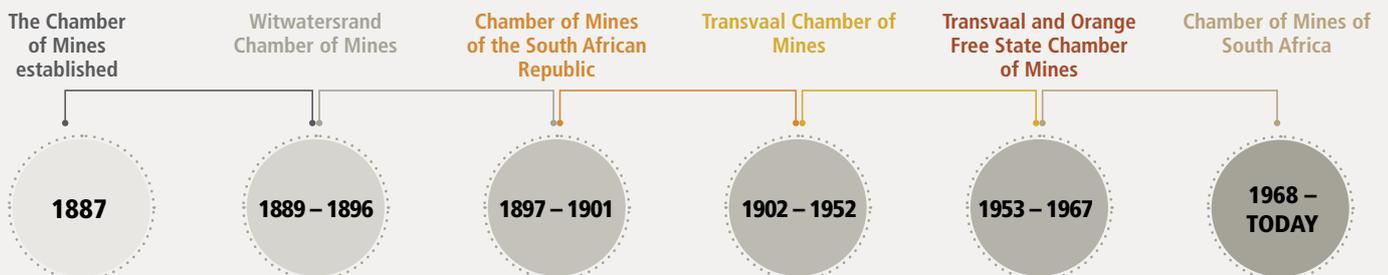
Key functions of the organisation are to facilitate interaction among mining employers, to examine policy issues and other matters of mutual concern and to crystallise and define desirable industry standpoints. A variety of initiatives are in place to promote collaboration between members. Consultation and collaboration are voluntary and do not compromise the autonomy of members.

The Chamber also acts as a principal advocacy group, representing mining in South Africa to government and communicating major policies endorsed by its members. The Chamber fulfils a vital function in co-ordinating and representing certain producers in centralised negotiations with organised labour.



The Chamber has undergone a number of name changes in its history which coincide with mining and political developments in South Africa.

A BRIEF HISTORY



A century of service, collaboration, advocacy and leadership



Women in mining at Anglo American Platinum's Dishaba mine

BUSINESS MODEL

Inputs



FINANCIAL CAPITAL

- Member contributions and investment in initiatives – direct and indirect



MANUFACTURED CAPITAL

- Creation of platforms and opportunities for engagement
- Access to facilities and infrastructure



HUMAN CAPITAL

- Vast technical experience and expertise, which improve the effectiveness of the Chamber and the industry



INTELLECTUAL CAPITAL

- Collaboration of members



SOCIAL AND RELATIONSHIP CAPITAL

- Relationships with businesses, Chamber members, government, research groups, trade unions, media, NGOs and others



NATURAL CAPITAL

- Initiatives to continually minimise water and energy usage, reduce pollution and optimise the efficient use of natural resources. Also addressing legacy issues

What we do

1

Engage effectively with stakeholders

2

Promote an understanding of our industry and enhance its image

Primary stakeholders

GOVERNMENT

Presidency
 Department of Mineral Resources
 Department of Labour
 Department of Water and Sanitation
 Department of Trade and Industry
 Department of Environmental Affairs
 Department of Planning, Monitoring and Evaluation
 Department of Basic Education

SUPPLIERS AND RESEARCH GROUPS

Existing and emerging suppliers
 Universities
 NGOs

TRADE UNIONS

MEMBERS

Established members
 Emerging miners

MEDIA

INVESTMENT COMMUNITY

Business model continued

What we do



Outputs

-  Settlements in gold and coal wage negotiations achieved
-  Participation in and contribution to Mining Phakisa
-  Signing of "Job Pact" in August 2015
-  Policy development – carbon tax
-  Development of best practice and standards – safety, environment
-  Improved safety and health performance by Chamber members



Desired outcomes

 FINANCIAL CAPITAL	 MANUFACTURED CAPITAL	 HUMAN CAPITAL	 INTELLECTUAL CAPITAL	 SOCIAL AND RELATIONSHIP CAPITAL	 NATURAL CAPITAL
<ul style="list-style-type: none"> • Increased investor confidence • Increased investment in the mining sector 	<ul style="list-style-type: none"> • Safer, profitable mining • Improved technology and practices in mining (modernisation) 	<ul style="list-style-type: none"> • Improved employee engagement and communication • Training and development • Transformation 	<ul style="list-style-type: none"> • Promotion of R&D to unlock full mining potential • Increased innovation to create mines of tomorrow 	<ul style="list-style-type: none"> • Improved stakeholder relationships • Improved understanding and awareness of the South African mining industry 	<ul style="list-style-type: none"> • Improved resource management • Addressing legacy issues

STRATEGY

During the year under review, the Chamber implemented its Council approved strategic plan focused on improving the legislative and operating environment of the mining industry.

The purpose of the strategic plan is for the Chamber to operate towards meeting a coherent set of objectives, and for our stakeholders to see us as an industry and organisation operating with integrity and according to predictable precepts. A great deal of the strategy involves, as is apparent below, engagement with our entire range of stakeholders to get the industry on the “front foot”.

The strategic plan recognises that South Africa’s mining industry is currently in crisis. The sector is smaller in real Gross Domestic Product (GDP) terms in 2015 than it was in 1994 and is battling to remain competitive and to attract investment for growth. The South African mining industry is constantly on the “back foot” and is often blamed for some of society’s ills. The mining sector and the Chamber are not trusted by some members of society and by some policy makers. This is primarily because of trust deficits created by negative perceptions about the industry’s history.

The Chamber’s vision is to reposition the South African mining sector as the country’s pre-eminent industrial sector and to double real investment in mining by 2030. This is an industry strategy that is owned by all Chamber members and which necessitates building a trust-based social pact with key stakeholders in order to create an overwhelmingly positive investment and operating environment for the sector. This positive environment will encourage the global investment community and mining industry to recognise that South Africa has emerged into an investment destination of choice for the mining sector.

The benefits of achieving this vision will be a game changer for the country and its ability to achieve the NDP’s objectives. Doubling real investment in mining by 2030, implies a 5% per annum real growth rate in fixed investment, which in turn correlates with a doubling in mining output in the period. This would imply a doubling or more of:

- mining GDP;
- domestic procurement;
- broad-based transformation;
- exports;
- community development; and
- fiscal contributions of the sector.

Implementation of the strategic plan is methodically monitored by the Chamber Council and is inextricably linked to the Chamber’s internal performance management system.

The objectives set by the strategic plan in order to create the right kind of environment to enable the achievement of this vision are as follows:

1. To create an enabling, business friendly policy, legislative and operating environment for a sustainable and successful mining industry (enabling a doubling of real mining investment by 2030)

2. To promote a positive image of the South Africa mining industry among stakeholders and society (Chamber effectively engaging key stakeholders and society)

3. To implement a positive contribution model (including contributing to the NDP)

4. To lead by example, demonstrating progress on transformation, safety, social and environmental imperatives (including through sharing best practice)

5. To improve the effectiveness and performance of the Chamber



The Chamber’s vision is to reposition the South African mining sector as the country’s pre-eminent industrial sector and to double real investment in mining by 2030.

We consider the work done in respect of each objective in turn.

1

To create an enabling, business friendly policy, legislative and operating environment for a sustainable and successful mining industry, enabling a doubling of real mining investment by 2030

After a considerable amount of preparatory work, an intensive month-long collaborative session on the Mining Phakisa in late 2015 under the guidance of the Department of Planning, Monitoring and Evaluation (DPME). Council members have been kept informed of progress, though we await a formal account from the Presidency. We believe our input has been critical in maintaining a degree of focus on survival issues for the industry, with other stakeholders preferring to concentrate on developmental upstream and downstream issues. Key issues regarding the framework that would enable the mining sector to more effectively contribute to the goals of the NDP were discussed.

The President's Framework Agreement for a Sustainable Mining Industry is focused on the transformation of the migrant labour system. Transfer pricing was also raised and set aside on the basis that its prevalence in mining is relatively small and it is, in any event, being competently dealt with by National Treasury.

The Mining Industry Growth, Development and Employment Task Team (MIGDETT) has focused its work on:

- Mining Charter assessment and review
- Project Phakisa
- Platinum group metals (PGM) task team
- Job losses task team

In 2014, the Mineral and Petroleum Resources Development Act (MPRDA) amendments were referred back to Parliament by the President to deal with concerns about their constitutionality. There were no further developments in 2015. While the referral was necessary, we are monitoring the situation closely to ensure that agreements on issues such as beneficiation and developmental pricing, on which we negotiated a mutually acceptable outcome with the Department of Mineral Resources (DMR), are retained.

The Chamber has applied to the High Court for a declaratory order on the interpretation of the ownership element of the Mining Charter over which the industry and the DMR are in disagreement. The idea of jointly approaching the High Court for a declaratory order was agreed by the DMR Minister and the Chamber on 31 March 2015. This interpretation is critical as it materially affects investor confidence in the mining sector. At the end of 2015, legal firm Malan Scholes applied to the High Court to consolidate its case regarding the Mining Charter with the Chamber's declaratory order application. The Chamber and the DMR opposed this application for consolidation. On 3 May 2016, the High Court dismissed the application made by Malan Scholes.

The Mine Health and Safety Amendment Bill has been referred to the National Employment Development and Labour Council (NEDLAC) prior to tabling in Parliament. We are concerned about certain aspects of the Bill that we believe undermine tripartism, introduce more bureaucracy and strengthen sanctions against employers. The Chamber is actively involved in the NEDLAC process and is also in dialogue with the Chief Inspector of Mines on the matter.

The Davis Tax Committee (DTC) is looking at mining taxes and also a carbon tax. In 2014 and 2015, the Chamber made significant submissions to the DTC. The DTC's initial views on mining taxes are mostly acceptable. The Chamber's submission to the committee on carbon tax indicated its opposition to the introduction of such tax, especially at this stage in the economic cycle. There is continuous engagement with stakeholders (Business Unity South Africa (BUSA), National Treasury, Industry Task Team on Climate Change (ITTCC), Department of Energy (DOE), Department of Environmental Affairs (DEA), National Business Initiative (NBI) and individual mining companies) regarding carbon tax, carbon budgets, desired emission outcomes and a mix of measures to monitor and reduce greenhouse gas emissions.

The Chamber is represented on the BUSA task team at NEDLAC dealing with the Deputy President's Labour Relations declaration of November 2014 on a national minimum wage, as well as violent strikes and prolonged strikes. NEDLAC has commissioned a Code of Good Practice on Collective Bargaining and is considering amendments to labour legislation that will allow for the curtailing of prolonged strikes through advisory arbitration. It has also commissioned proposed amendments to labour legislation to provide for strike balloting.

The Chamber's advocacy efforts led to government adopting the One Environmental System for mining and related activities. Various pieces of legislation such as the National Environmental Management Act (NEMA), and the National Water Act (NWA) have been amended.

The Chamber remains engaged with Eskom and others involved in dealing with power challenges. Electricity supply to the mines remains curtailed and the thin reserve margin means the risk of load-shedding remains high. The Chamber made submissions to the National Energy Regulator of South Africa (NERSA) on the Eskom Regulatory Clearing Account application, which NERSA trimmed from 16.7% to 9.4%. The Chamber continues to engage government on improving electricity supply.

The gold and coal wage negotiations were completed in 2015, the latter after a short strike. The Association of Mineworkers and Construction Union (AMCU) declined to sign the gold wage settlement. The three largest platinum companies will negotiate wages in 2016, when the Chamber will play a co-ordinating role in the background.

STRATEGY continued

2

To promote a positive image of the South African mining industry among stakeholders and society

The Chamber's communications function was revamped in 2015. With this development we have created a platform for our voice to be heard. We have proactively focused on visibility on a number of fronts where we believe our voice can contribute to the kind of social, political and economic milieu in which the mining sector can grow and flourish.

The Chamber's voice is being heard far more frequently in the public media. The website has been upgraded and a large number of information fact sheets and other materials dealing with important mining issues can now be accessed there.

The Chamber has established a Gold Employee Indebtedness Task Team, which includes trade unions. The task team has compiled a report on and list of recommendations of what companies can do to assist employees. The task team continues to meet quarterly to give updates and share information. An update of the work that the companies have done in this regard was also given to the leadership at the quarterly Presidential meeting held in September 2015.

Through the Charter Reference Group (CRG), the Chamber collects and collates all transformation related information with specific reference to Mining Charter information. Members' contributions to corporate social investment are monitored through the JSE's Socially Responsible Investment Index.

3

To implement a positive contribution model (including contributing to the NDP)

The Chamber has for some time been investigating the feasibility of establishing an industry-wide Enterprise and Community Development Agency (ECDA), in order to enhance the impact and sustainability of the industry's current small business and community development efforts. This agency would supplement, in a focused manner, members' efforts in these spheres.

The Chamber's activities include programmes to aggregate the work of its members in contributing to a better quality of life for employees and mining communities, including skills development, housing and other work carried out on the basis of their social and labour plans (SLP) and other frameworks.

The Chamber is also at the centre of co-ordinating members' research and development (R&D) efforts aimed at modernising the industry.



Supporting small business in mining communities in Mogwase, North West



4

To lead by example, demonstrating progress on transformation, safety, social and environmental imperatives (including through sharing best practice)

The Chamber developed a comprehensive matrix of its members' progress on transformation. As at the end of 2014, all Chamber members had achieved the 26% black economic empowerment (BEE) ownership target, with average BEE ownership of 38%. Members exceeded the 40% employment equity targets for all categories (51% for board, 42% for senior management, 51% for middle management, 54% for junior management and 76% for core skills), and achieved nearly all the procurement and housing targets. It is the Chamber's view that its members have done more to transform the economy than any other component of the private sector.

A key area here was the establishment of the Mine Occupational Safety and Health (MOSH) Learning Hub through which our members co-operate in developing and advancing safety and health through shared learning and the adoption of leading practices as exhibited by pockets of excellence. The programme has led to widespread advances in the areas of dust management, noise, falls of ground and transport and machinery health and safety issues.

The Chamber is leading the Masoyise iTB project in co-operation with government and organised labour. This project aims to ensure the testing and screening annually of all mineworkers for tuberculosis (TB) and HIV over the next three years and includes contact tracing into mining communities to further retard the spread of TB.

The Chamber assists the Medical Bureau for Occupational Diseases (MBOD) in the analysis of 500,000 claimants' files in order to eliminate the backlog of compensation for occupational lung disease. The Chamber is also assisting in the tracking and tracing of ex-mineworkers who may otherwise not receive compensation nor retirement fund monies to which they are entitled.

The Chamber has prepared a proposal on the revision of the Mining Charter to prepare for engagements with tripartite stakeholders on the matter.

On behalf of members, the Chamber has provided guidance and leadership in relation to environmental policy initiatives with a view to improving the environmental performance of the mining industry.

The Chamber is in consultation with the Department of Water and Sanitation (DWS) to discuss the mining industry's contribution towards the management of acid mine drainage. The Chamber continues to contribute inputs to government and mining industry structures aimed at developing and implementing solutions for management of environmental legacies.

5

To improve the effectiveness and performance of the Chamber

In 2015, the Chamber leadership team focused on more effectively implementing the Council approved strategic plan. In the middle of 2015, a comprehensive plan to modernise the internal organisational structure was implemented. This included the introduction of a Senior Executive portfolio for Modernisation, dealing with legacy issues and for Finance.

A comprehensive brand health assessment was completed, a new membership compact was approved by Council and work started on modernising the Chamber building. The Chamber's progress regarding the strategic plan is reported to Council. Internal performance management is in place to ensure all employees' activities are aligned with the Chamber's strategic plan.

Modernisation of the Chamber building has been initiated. LED lighting is being installed and a project to investigate the use of the heat component of the fuel cell to heat a section of the ground floor is underway. A fibre optic network has been installed, as has WiFi, to improve network connectivity.



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Sorting diamonds at De Beers' Debswana Diamond Trading Company in Botswana

“OUR MINING
WORLD IS CHANGING
FUNDAMENTALLY.
MINING COMMUNITIES
EXPECT RESPECT FOR
THEIR RIGHTS AND TO
BENEFIT MORE FROM
OUR ACTIVITIES.”

FOREWORD BY THE PRESIDENT

If the years since 2008 have been tough for the mining industry, 2015 has been the toughest yet. As the industry faces constricted demand and low commodity prices, everybody is second-guessing whether the commodity markets have hit the bottom.

Despite these challenges, it is hugely gratifying that we see continuing improvements in the industry's safety performance. It is confirmation that we have not allowed straitened financial circumstances to reduce our efforts to achieve zero harm. 2015 was the safest year on record in the industry – although we continue to focus on the journey to zero harm.

The tragic events at the Lily Gold Mine early in 2016 have finally resulted in a business rescue programme for the operation – a further sad outcome after the Mines Rescue Services' (MRS) spirited, relentless but ultimately fruitless efforts to save the lives of three people trapped underground. The MRS is a world-class South African mining rescue institution, whose volunteers are among the bravest in the world. We salute their courage, and we hope and pray that the serious situation at Lily mine can be sensibly resolved without further trauma for stakeholders.

We can also be pleased with our industry's contribution to progress in the spheres of both occupational and public health. Chamber and company health specialists are contributing immensely to the anti-TB campaign launched in March by the Deputy President. We are working with the Department of Health (DOH), organised labour and others to ensure that every employee is screened for TB and where necessary, treated. We are also taking these activities into mining communities. We hope and expect to reduce the incidence of TB, historically relatively high on the mines and in surrounding communities, to below the national incidence, even as the national campaign gains ground.

The Chamber is also actively involved in the process to rationalise the country's dual compensation systems for occupational injury and disease. We need one system that works effectively for all workers.

A continuing challenge to our members and their shareholders is the issue of regulatory certainty. The hiatus in finalising the MPRDA Amendment Bill, the revision of the Mining Charter and the engagements with the DMR alongside our application for a declaratory order on the interpretation of the Charter's historically disadvantaged South African (HDSA) ownership provisions, all add up to a worryingly uncertain situation in a sector crying out for new investment. Policy and regulatory certainty, predictability and competitiveness are the *sine qua non* of investment.

Country governance has become a matter for concern. The crisis around the reshuffles in the Finance Ministry in December is part of that pattern, as is the issue of what has come to be termed "state capture". The performance of Minister Pravin Gordhan brought some relief. But it needs to be reinforced by an uncompromising focus on respect by all for our Section 9 institutions and our courts (which have not flinched in doing their duties) and the renewal of governance and top management in our struggling state-owned enterprises and other institutions, such as our revenue service, whose integrity needs to be beyond reproach.

Even if all these issues were to be resolved, our mining world is changing fundamentally. Mining communities expect respect for their rights and to benefit more from our activities. Does this mean the beginning of the end of our industry? Decidedly not!

Our industry is headed, by virtue of its own energies and developing new social norms, on to a new level. Transformation will be a watchword, but it will be based on entrepreneurship. Mining's days as a mass employer are changing. We are modernising over time at a pace that ensures we remain competitive and attractive to investors. But we are moving inexorably to a smaller more highly skilled workforce whose productivity levels will justify the remuneration that society expects miners to be paid. In short, we are approaching a new era of modernisation.

This is how South Africa will regain its reputation as a favoured mining destination.



MIKE TEKE

President

6 May 2016

CHIEF EXECUTIVE'S REVIEW

The Chamber is a microcosm of its members' interests. Much of 2015 was focused on modernising the Chamber to enable it to more effectively execute its Council approved Strategic Plan. In parallel, the focus was on proper implementation of the plan and advocacy on key issues.

The purpose is for the Chamber to properly represent the interests of members and to create a conducive operating and legislative environment that encourages investment and transformation and helps the industry contribute to the NDP.

Of course, in the real world, there will be some events and trends over which we have little or no control, such as commodity prices. These events were at the forefront of what might be described as the "perfect storm" faced by the industry in 2015 and the early months of 2016 on both local and international fronts. Our members have experienced progressively weakening commodity prices, rapidly rising costs, falling productivity and some regulatory issues that challenge their ability to sustain operations and to maintain employment levels. In 2014 and 2015, the mining sector was the only loss-making sector (net loss after taxes and dividends) in the whole economy. With an average of half the companies in loss-making territory, the focus for many has been on restructuring for survival. And while we are gratified at the industry's improving safety trends (2015 being the best year on record), the early months of 2016 reminded us that we have no cause for complacency in our quest for zero harm.

Apart from the gold price which has risen in recent months on its revival as a store of value in difficult political and economic circumstances, there are few grounds for optimism in respect of commodity prices in the short term. The fall in China's growth rate is at the current heart of this phenomenon, along with slow growth in Europe and Japan.

On the costs side, the gold and coal wage negotiations were particularly challenging. The coal settlement was achieved after a brief strike. Settlement levels were, as has almost invariably been the case previously, above the inflation rate. However, the two sectors should enjoy three and two years respectively of stability due to the multi-year agreements reached. Our industry is still blighted by inter-union rivalry, with AMCU having declined to sign the agreement, including at the one company where they enjoy a majority membership. Regrettably, efforts by the gold companies to incorporate a profit-sharing element in the settlement were rejected. Significantly, the resurgence in the gold price means acceptance would have brought significant benefits to workers in current circumstances.

Nonetheless, given the labour relations instability of recent years, we can be relatively satisfied at the outcome of the wage negotiations and the part played in achieving this by our Chamber and company-based negotiating teams.

Wage talks will begin soon at the three largest platinum companies as the agreements that followed the traumatic five-month strike in 2014 reach their mid-year expiry date. The Chamber will again offer its support in any form the companies would like. The outcomes of the 2014 strike were destructive for the companies, employees and their communities and the country as a whole. Given the country's and the sector's current straitened economic circumstances, together with the threat of a sovereign ratings downgrade, a repeat of the previous wage round would be foolhardy.

After labour, the other big input cost is that of electrical power. In March 2016, regulator NERSA awarded Eskom tariff increases totalling more than 24%, spread over three years. Eskom subsequently applied to the administrator for further increases that, the electricity utility



ROGER BAXTER
Chief Executive Officer

Chief Executive's review continued



Given the threat of a ratings downgrade, a repeat of the previous wage round (in the platinum sector) would be foolhardy.

claimed, were needed to recoup the costs of running open-cycle gas turbines and of reduced supply due to power outages. NERSA, disappointingly, revised the 2016/17 increase up to 9.4%, though this was more palatable than the 16% increase for which Eskom had applied. The Chamber made a detailed submission to NERSA on the impact of Eskom's application on the mining sector.

A prospective cost pressure came into view towards the end of the year when the National Treasury published its draft carbon tax bill for public comment. The Chamber's opinion is that implementation of such a tax should be deferred for at least five years. A carbon tax would be an added impost on an industry already struggling with poor commodity prices and would not be in line with the countries with which South Africa competes in mineral export markets. Furthermore, it should be recalled that electricity tariffs have trebled in real terms in the seven years to end-2014, a more than adequate incentive for mines to optimise power consumption.

As a consequence of economic conditions and indications from a number of companies of planned retrenchments, in early August, then Mineral Resources Minister Ngoako Ramathlodi called key stakeholders together to address job losses through MIGDETT. Some of the issues that producers put on the agenda were enhancing productivity, managing cost pressures, accelerating rehabilitation activity, promoting market development, looking at alternatives to job losses and support for mineworkers once they are retrenched. The Chamber contributed to the development of the 10 point Job Declaration and signed the document. It is disappointing that, to date, the focus has been on three points of the declaration while the other seven areas have been overlooked.

Taking a longer term view, the Mining Phakisa, called by the Presidency, was convened in November for a month of intense multi-stakeholder engagement on the future of our industry. The Chamber played a meaningful role in the discussions and hopes the agenda is carried forward by stakeholders. We await a full report from the Presidency.

A key long-term issue, particularly in our deep level mines, is the modernisation of mining methods. People management and relationships with communities and other stakeholders affected by mining remain critical issues. The Chamber is deeply focused on these matters and is in interaction with its members and others.

In June 2015, the Farlam Commission of Inquiry's report into the events at Marikana in 2012 was published, providing fresh insights into the events and conditions that led to the deaths of 45 people. The report's recommendations provide much food for thought for our members and also, we trust, government and the unions in respect of the areas where their performance was found wanting.

Disturbing, though, have been events on the Eastern Limb of the Bushveld Complex over the last year or two, where we have seen high levels of social instability, with the ire of sections of the community directed sometimes at mining operations and in some cases at traditional leaders for failures of consultation and of the equitable sharing of the benefits of mining. The industry and government need to be examining these issues closely.

The Chamber's call for regulatory clarity and certainty is being heard. In early 2016, both Mineral Resources Minister Mosebenzi Zwane and Finance Minister Pravin Gordhan used highly public platforms to acknowledge and commit to this – at the Mining Indaba and in the budget speech respectively. But we need to see more definitive milestone plans and implementation. The investment community is no longer happy with platitudes.

CHIEF EXECUTIVE'S REVIEW continued



Comments made by Minister Zwane on safety:

"It is only through working together that we can attain the ultimate goal of zero harm."

We look forward to finality on the MPRDA amendments and the terms of the next generation Mining Charter. With regard to the latter, we are disappointed that the extensive consultation by government with industry and other stakeholders in both 2002 and 2010 was not the approach adopted in the development of the revised charter, gazetted by the DMR in April 2016. We have been encouraged nonetheless by the Minister's commitment to consultation with stakeholders going forward.

It was with regulatory certainty in mind that the Chamber proceeded with its court case to seek clarity on the assessment of the ownership element of the Mining Charter, particularly in respect of the continuous consequences of previous BEE deals. Initially, the intention to jointly pursue this declaratory order was announced by then Resources Minister Ngoako Ramatlhodi in March 2015. It subsequently became clear that the legal mechanism available to the parties required a clear applicant and respondent, with an identifiable and clear point of dispute. The Chamber has since continued with the process, while at the same time remaining open to a negotiated settlement. We believe that resolving this issue will accelerate investment in mining and further increase the quantum of transformation in the mining sector.

High Court Judge Pierre Rabie dismissed, with costs, of the Malan Scholes application, heard on 15 March, to consolidate its case with ours. Our opposition to this proposed course of action was based on the grounds that we were not arguing for the unconstitutionality of the Mining Charter, which would in turn render it invalid. It goes without saying that the industry remains committed to the achievement of all the transformation objectives of the Mining Charter currently in place, but does however seek clarity on the interpretation of one critical issue related to the continuing consequences of empowerment.

Chamber President Mike Teke has had constructive discussions with the Mineral Resources Minister Zwane and Acting Director General David Msiza with regard to the seemingly inappropriate imposition of Section 54 and Section 93 notices. Our concerns with regard to these developments were noted and both the Minister and Mr Msiza agreed to investigate these irregularities.

South Africa's standing in the well-known annual Fraser Institute investment climate survey remains cause for concern. The country is 11th of the 20 African countries surveyed. While subjective surveys are not a science and should not be seen as such, perceptions do count. And this shows that while there has been an improvement, South Africa has always aspired for more. Let us hope that the work we are doing will contribute to further improvements in the future. The Chamber is of the view that South Africa should aspire to be in the top quartile within the next five years. This will take intense collaboration and leadership among stakeholders.

On safety, we fully support the comments made by Minister Zwane when, in issuing the 2015 safety report that showed continuing improvements in performance, he recognised the importance of collaboration of all stakeholders "as it is only through working together that we can attain the ultimate goal of zero harm". For the Chamber, it was particularly gratifying to note the significantly better performance of Chamber members relative to the industry as a whole, reinforcing the value of collaboration and shared learnings. Fatality rates at Chamber member mines is one quarter that of non-Chamber members.

And in the sphere of occupational health and safety, we are thrilled at the process being led by the Deputy Ministers of Mineral Resources, Health and Labour to rationalise the country's dual compensation systems. We hope this will afford miners afflicted with occupational lung disease significantly improved compensation, even as our members continue to strive for zero harm in this area too.

Chief Executive’s review continued



Internally, we have taken a number of steps to ensure that the product of our work receives proper public recognition. We have commissioned a brand health assessment by an expert agency. And we have reformed our communications function, the positive consequences of which, I believe, have become clear within a short space of time.

I would like to sincerely thank our President Mike Teke, Vice President Graham Briggs, Vice President Andile Sangqu and the other office bearers for their unstinting support and guidance through the year and beyond. My thanks go, too, to the Chamber Council, to our executive team and the Chamber’s entire staff complement for all the progress we have made in the period under review.

The Chamber remains fully focused on implementing its strategic plan, working constructively with all stakeholders and getting the industry back on the “front foot”.

Let me conclude with an event that fills everyone at the Chamber with pride. In March 2015, the Chamber officially launched Africa’s first building base-load fuel cell powered by natural gas and using catalysts based on platinum group metals (PGMs). Apart from the advance this represents, it also showcases the technology to prospective manufacturers of a cutting-edge product based on metals of which South Africa is the world’s leading producer.

ROGER BAXTER
Chief Executive Officer
6 May 2016

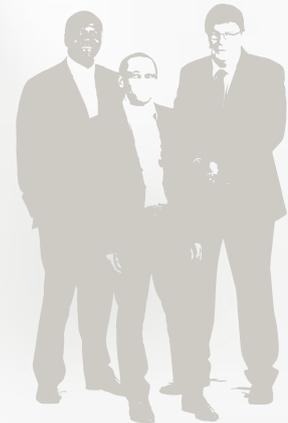


A fuel cell incorporating PGM-based catalysts powers the Chamber of Mines’ building in Johannesburg

CHAMBER STRUCTURE

The Council of the Chamber of Mines comprises representatives of member companies. As the highest-ranking body in the Chamber, the Council guides and directs strategy. Council members nominate and elect three office bearers – the President, and two Vice Presidents.

OFFICE BEARERS



1 President:

Mike Teke

BA (Ed); BA (Hons); MBA

Mike Teke has served in various human resources roles at Unilever, Bayer, BHP Billiton and Implats. In 2008, he became one of the founding members and CEO of Optimum Coal. Mike was appointed Vice President of the Chamber of Mines in 2011 and elected Chamber President in 2013.

2 Vice President:

Graham Briggs

BSc (Hons)

Graham Briggs is the immediate past chief executive of Harmony, a position he was appointed to in January 2008, having joined Harmony in 1995. Graham has some 38 years of experience in the sector. Graham retired from Harmony at the end of 2015. He has served as Vice President of the Chamber since 2013.

3 Vice President:

Andile Sangqu

BCom (Acc); BCompt (Hons); CTA;

Higher Diploma Tax Law; MBL

Andile Sangqu has provided leadership and guidance in various strategic areas including financial restructuring and development, strategic planning, organisational transformation and change management processes.

Andile is currently executive head of Anglo American South Africa. He has also held senior positions in various government departments and currently serves as a non-executive director in a number of companies.

CHAMBER EXECUTIVES



**1 Chief Executive Officer:
Roger Baxter**

Roger Baxter joined the Chamber in 1992. He participated in the team negotiating a revised mineral policy with government and was the Chamber’s negotiator on the Mining Charter, the Charter’s Scorecard and in the Mineral Royalty Bill discussions. Roger has also played a pivotal role in MIGDETT which was established in 2008 to find ways of counteracting the effects of the global economic crisis on the industry and position mining for the next commodity upswing.

**2 Senior Executive Transformation and Stakeholder Relations:
Vusi Mabena**

Since joining the Chamber in 2002, Vusi Mabena has brought to the industry his extensive experience and knowledge of training and education. He formerly held the position of skills development advisor.

**3 Senior Executive Employment Relations:
Dr Elize Strydom**

Labour law and employment relations expert Elize Strydom, joined the Chamber in 1999 as an industrial relations manager and has risen through the ranks to her current position.

**4 Senior Executive Health, Environment and Legacies:
Nikisi Lesufi**

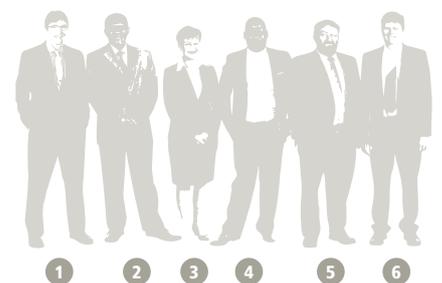
Nikisi Lesufi joined the Chamber in 2002 as an environmental adviser. He was appointed to his current position in 2008.

**5 Senior Executive Finance and Administration:
Harry Groenewald**

Harry Groenewald’s career in the mining industry started in 1985 when he joined Rand Mines. Prior to joining the Chamber, Harry was involved with copper and cobalt projects in the Democratic Republic of the Congo with ENRC, a Kazakhstan-based mineral resources company.

**6 Senior Executive Modernisation and Safety:
Sietse van der Woude**

Sietse van der Woude joined the Chamber in 2004 as a safety and sustainable development manager. He previously led the implementation of a regulatory framework for radiation safety in the mining industry at the National Nuclear Regulator.



CHAMBER STRUCTURE continued

SENIOR MANAGEMENT



From left to right

1. Head Environment:
Stephinah Mudau
2. Head Learning Hub:
Stanford Mamoshito Malatji
3. Head Health:
Dr Thuthula Balfour-Kaipa
4. Head Administration:
Jeannette Hofsjer-Van Wyk
5. Head Safety and Sustainable Development:
Dr Sizwe Phakathi
6. Head Skills Development:
Stella Carthy
7. Head Employment Relations:
Motsamai Motlhamme
8. Head Legal:
Lerato Legong

DEPARTMENTS



The **Economics** team provides input on matters affecting investment in the South African mining industry and issues facing the mining industry which have an economic impact. Its function includes collating and analysing data and information on behalf of the industry, and advising industry on responses and positioning in respect of critical issues.



Employment Relations provides service excellence to members in the field of labour relations, including labour market issues, collective bargaining, employment equity and social security.



Environmental is charged with ensuring environmental issues are addressed in a manner that enhances members' contributions to sustainable development and ensures that risks to the viability of the mining industry are identified and managed.



Health Services provide service excellence to members in the field of occupational health, including occupational medicine and occupational hygiene and ventilation, as well as advocacy and advice on TB, HIV and AIDS.

The Chamber continuously looks for ways to advance the position of and make improvements in the South African mining industry and participates in various initiatives and projects in areas relating to health, education, policy and regulations.

Chamber structure continued



 **IMAGE**

DRDGOLD's Elsburg reclamation site



The **MOSH (mining industry occupational safety and health) Learning Hub** was established by the Chamber in 2009 to encourage and enable mining companies to learn from the safety and health expertise and leading practices that exist in the industry.



The Chamber's **Stakeholder Relations** department seeks to engage and inform all mining industry stakeholders through multi-channel communications and networking systems.



Skills Development facilitates an environment that enables the mining industry to deliver skilled and trainable employees for deployment and advancement. A skills development initiative represents members in the areas of education and human resources development and associated policy and legislation.



The Chamber is active in promoting **Safety and Sustainability** in the workplace for mineworkers and has identified areas in which the organisation can initiate positive change.



The **Legal** department provides the legal advice necessary to act on behalf of members in influencing legislative and other measures affecting members' interests. The focus is on constructive policies that are consistent with the national interest.

CHAMBER STRUCTURE continued



CHAMBER COUNCIL

As at 31 December 2015

From left to right

- | | | | | |
|------------------------------|----------------|---------------|-----------------|-----------------------|
| 1. M Teke (President) | 7. P Dunne | 13. N Holland | 19. T Mkhwanazi | 25. N Pienaar |
| 2. G Briggs (Vice President) | 8. M Fraser | 14. M Houston | 20. M Mothoa | 26. W Potgieter |
| 3. A Sanqu (Vice President) | 9. N Froneman | 15. L Kgatele | 21. L Msimanga | 27. N Pretorius |
| 4. A Bam | 10. T Goodlace | 16. B Magara | 22. SA Nkosi | 28. M Schmidt |
| 5. R Baxter | 11. C Griffith | 17. D Matlou | 23. B Peterson | 29. P Steenkamp |
| 6. M Cutifani | 12. G Heale | 18. N Mbazima | 24. S Phiri | 30. S Venkatakrishnan |

CHAMBER COMMITTEES

PLATINUM LEADERSHIP FORUM

DIAMOND LEADERSHIP FORUM

CEO ZERO HARM TASK TEAM

CHAMBER OF MINES MEMBERS' CO-ORDINATING COMMITTEE

At the Chamber's annual general meeting in May 2015, Mike Teke was re-elected as the President of the Chamber, Graham Briggs was re-elected as first Vice President and Andile Sangqu was newly elected as the second Vice President of the Chamber.

Members retired from the Council

- Ms K Kweyama
- X Mkhwanazi
- J Evans
- M O'Hare
- G Heale
- B Sibiyi

Members appointed to the Council

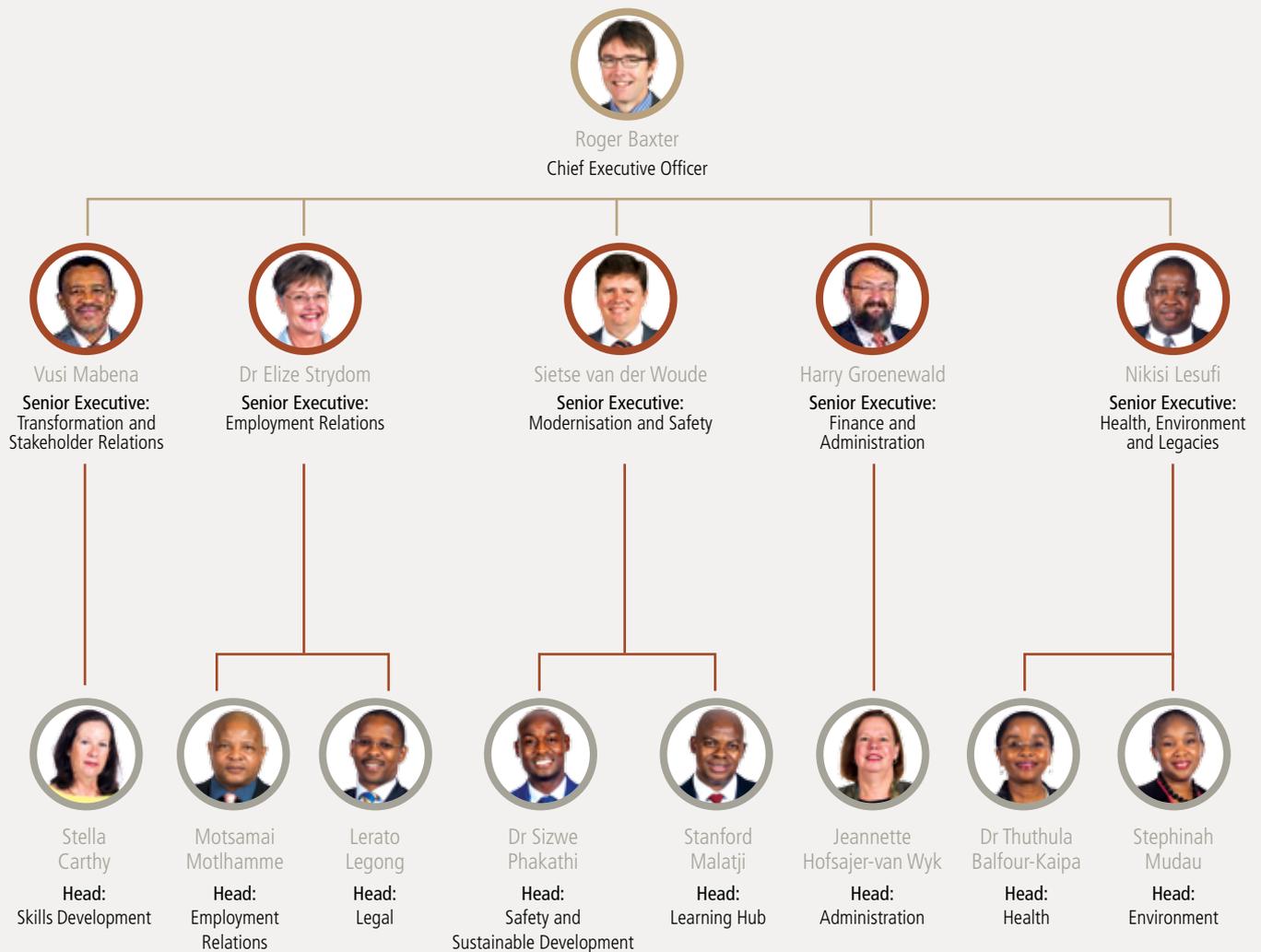
- R Baxter
- L Msimanga
- M Fraser
- W Potgieter
- T Mkhwanazi

Chamber structure continued



CHAMBER MANAGEMENT

As at 31 December 2015





SECTION

03

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Mining's contribution to South Africa **23**

Economics of mining **25**



Two Rivers mine, a joint venture between African Rainbow Minerals and Implats

THE CHAMBER AND ITS MEMBERS REMAIN COMMITTED TO EQUITABLE PARTICIPATION IN THE INDUSTRY BY PREVIOUSLY DISADVANTAGED SOUTH AFRICANS.

MINING'S CONTRIBUTION TO SOUTH AFRICA

The monetary value of minerals produced is frequently used as a barometer of the mining sector's contribution to South Africa's economy. But, this contribution extends a great deal further – into the entire human, economic, governmental and social fabric of the nation. And that has been the case since the 19th century.

In 2015, the South African mining sector sold commodities worth R391.4 billion (2014: R375.3 billion), of which R271 billion (2014: R259.1 billion) or 69.3% (2014: 69.0%) came from exports. This past year was a period during which the overall commodities price trough deepened as competition in export markets grew increasingly intense. And it was a year which ended with few signs of an early or prolonged recovery. Primary mineral exports accounted for 26% of merchandise exports. If secondary beneficiated minerals are included, mining's contribution to merchandise exports rises to over 40%.

In 2015, real mining GDP increased by 3% as the sector's production recovered from the strike-related disruption in the platinum sector in the previous year. Mining accounted for 7.7% of GDP directly and about 17% if direct, indirect and induced effects are included. The 7.7% contribution to GDP compares to a 14.7% direct share in 1994.

In 2015, investment in mining shrank by 0.6% as companies scaled back. Despite this, mining accounted for 10.8% of total fixed investment (gross fixed capital formation) and for 17% of private sector investment in that year.

Globalisation, it bears recalling, has led to a world in which our country's minerals producers are price takers – the export and domestic prices of our minerals are set in markets around the globe. With the exception of gold, most minerals relevant to South Africa, had price declines in rand and dollar terms. For example, the average price of iron ore fell from R1,050 per tonne (\$96.80 per tonne) in 2014 to R704 per tonne (\$55 per tonne) in 2015. As a price taker, cost increases cannot be passed on to the end user of our minerals, and the sector's efforts need to be directed towards containing costs and improving productivity.

According to the latest figures from Statistics South Africa, in the final quarter of 2015 the mining sector as a whole employed 462,000 people. This represents a decrease of 29,000 people or 5.9% compared to 491,000 people in the last quarter of 2014. From another standpoint, if we look at the past two years overall, total gross wages rose by 10.3% from 2014's R101.2 billion to R112.8 billion in 2015 and the average annual gross wage of R205,200 per person in 2014 increased by 14.7% to R235,400 in 2015.

As a result of falling prices and rising costs, the South African mining industry moved into a loss-making position in the last two years, making mining the only loss-making sector in the whole economy. After tax and dividends, the net loss in mining of R10.6 billion in 2014 ballooned to a loss of R47.5 billion in 2015. The industry paid R11.36 billion in corporate tax in 2015, down from R14.6 billion in 2014, while dividends halved to R5.7 billion from R12.4 billion.

The reduction in the number of employees is an indirect reflection of the stress placed on the industry caught between input and employment costs that have been rising at a greater rate than inflation and the decline in global commodity prices that has contributed to a decline in the revenues from which all stakeholders must share equitably.

By the end of 2014, the Chamber's member companies had made good progress in achieving the targets set by the Mining Charter, and had met all the employment equity and ownership targets. See page 47 for a review of the mining sector's compliance with the Mining Charter.



increase
in total gross wages in 2015

MINING'S CONTRIBUTION TO SOUTH AFRICA continued

The Chamber and its members remain committed to transformation and believe that the mining industry has contributed more to transformation than any other component of the private sector.

The consequences of such compliance are obvious and are dealt with under the Transformation section on page 46 of this report. However, it should be made clear that the Chamber and its members remain committed to equitable participation in the industry by previously disadvantaged South Africans. We have to bear in mind that the mining sector is one of the country's magnets for foreign direct investment and that investors are likely to be skittish if negative perceptions about the industry are not addressed.

This commitment goes beyond simple ownership of equity stakes in the industry. It includes improving mine employee skills and the lives employees and their families enjoy. In the past year, the industry as a whole invested R5 billion on training in skills that the industry itself needs as well as others that can be used for generating incomes in our wider society.

In 2015, the mining sector delivered R11.3 billion in direct taxes and royalties to the fiscus. However, this understates the full and indirect tax contribution created such as taxation collected by the mines from employees (PAYE) or spending by miners themselves and by their dependants.

Our members' SLPs include contributions – financial and in kind – to host communities, many of which lack the necessary skills and resources to achieve socio-economic upliftment.

For its own employees and their families, the industry's overall objective is to provide fair, satisfying and sustainable employment and to develop potential and current employees through a diversity of training initiatives of which the principal ones are:

- health and safety;
- learnerships;
- leadership and supervisory development programmes;
- portable skills;
- career progression plans for HDSAs;
- bursaries and study assistance; and
- adult education and training (AET).



invested
in training



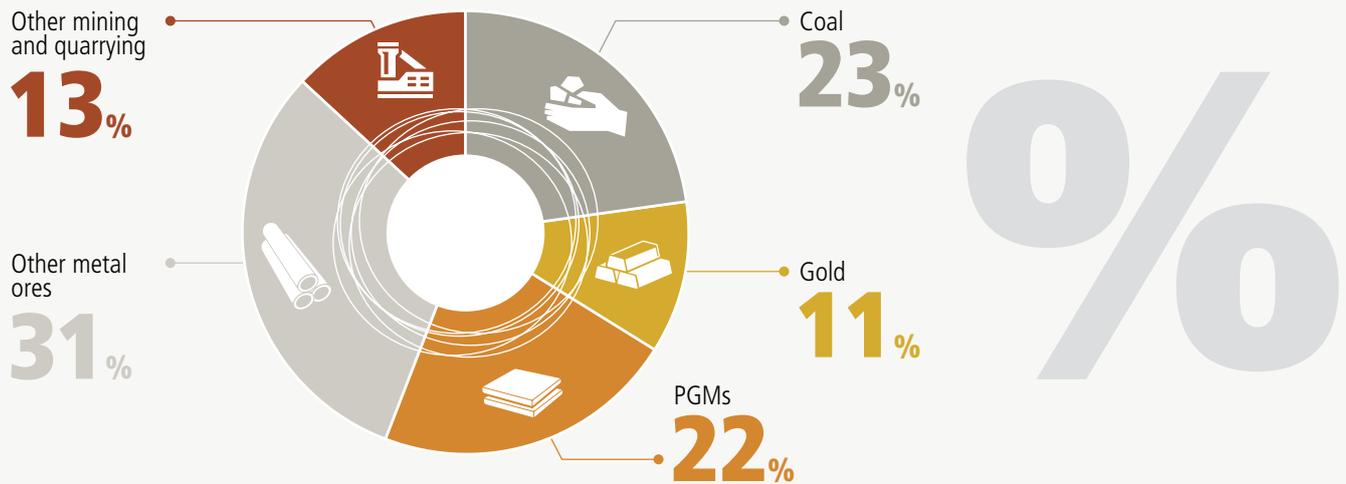
paid in direct
taxes and royalties

ECONOMICS OF MINING

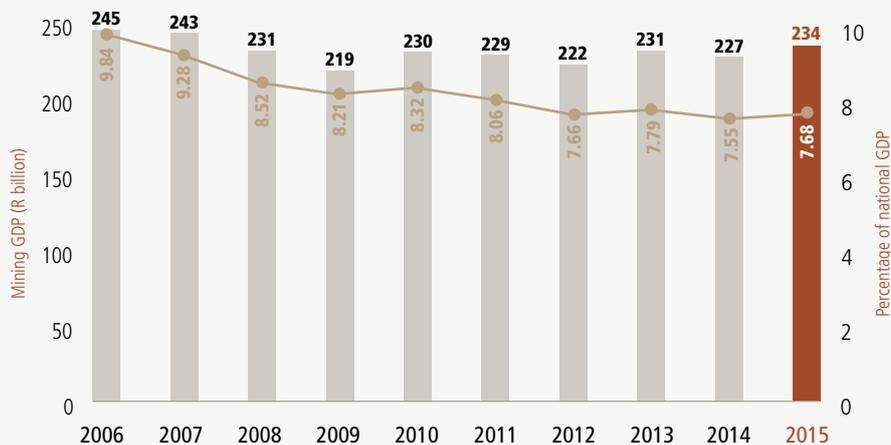
The South African mining sector faced significant challenges in 2015, but despite this, the industry has remained resilient and is still one of the driving forces in the economy. The sector maintained its share of 7.7% of national GDP in 2015 compared to 2014. This does not mean it has emerged from 2015 unscathed. Given increasing costs, labour unrest and low commodity prices, many mines struggled to remain profitable. In particular, as many as 80% of South African platinum mines operated at a loss at some point during the year.

South African Mining GDP in 2015 was R234 billion, an increase on R227 billion in 2014. The largest contributors to total mining GDP remained the coal, PGM and gold sectors, which contributed 23%, 22% and 11% respectively. Both the coal and gold sectors conducted wage negotiations in 2015 and were able to avoid significant impacts on production. The gold sector successfully reached agreement without a strike, while the coal sector incurred a one-week strike, which had a minimal impact on production.

Contribution to mining GDP by sector – 2015



Annual South African mining GDP

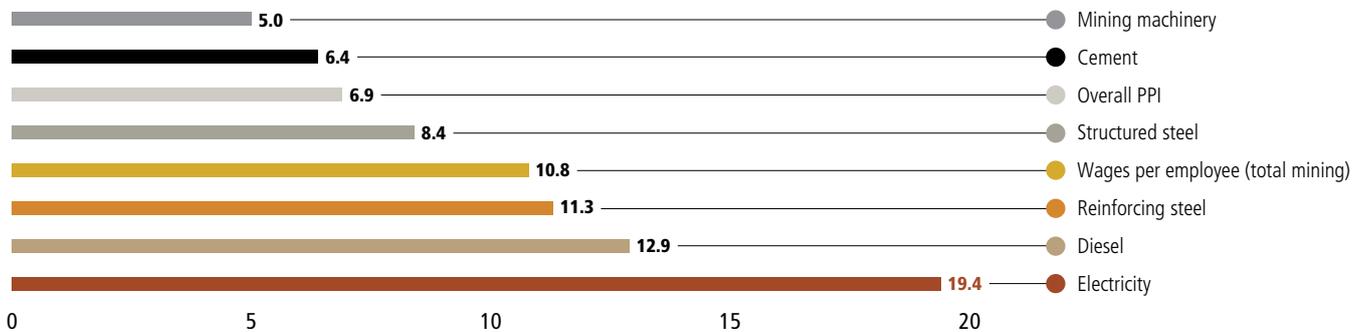


ECONOMICS OF MINING continued

In terms of costs the industry incurs, coal and gold will see increased labour costs in the coming years, but recent wage deals have taken into account the struggles facing the industry and it is likely that the job losses seen in the platinum industry following the 2014 platinum strike will be avoided. Lower diesel costs in 2015 presented a reprieve to the industry, with diesel prices reaching levels last seen in 2012. Steel prices also tumbled during the year, but the largest cost drivers in the mining industry, labour and electricity, both increased. The cost of electricity in particular rose on the implementation of a 12.69% tariff increase. Overall electricity prices in South Africa increased by 19.4% on average annually for the period from between 2008 to 2014.

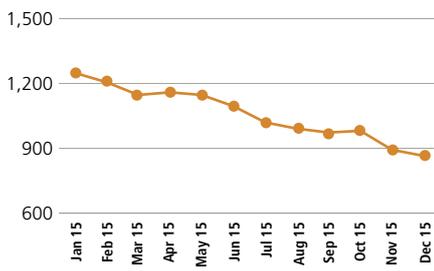
Key cost drivers in mining

Average annual rate of increase in costs for 2008-2014 (%)

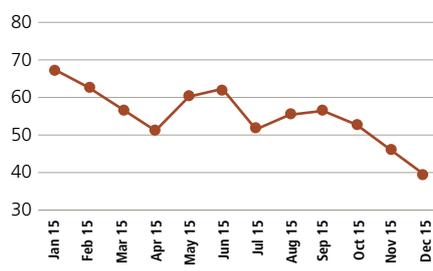


Global commodity prices

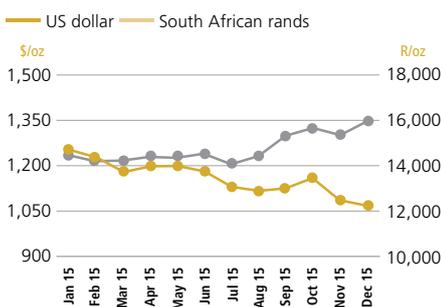
Platinum (\$/oz)



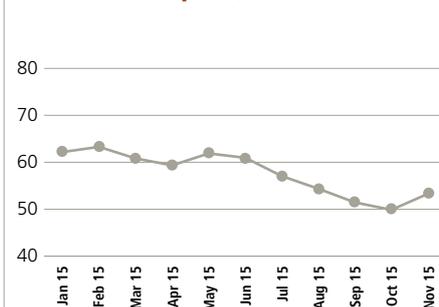
Iron ore (\$/tonne)



Gold (\$/oz)



Thermal coal export (\$/Mt)



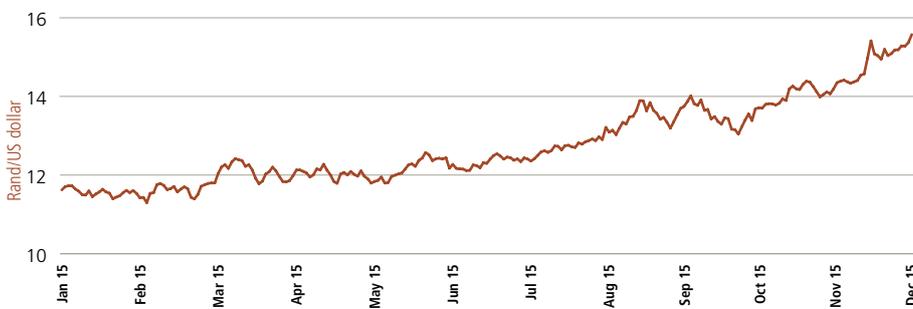
The market did not help ease the pressure placed on the industry. Mining commodity prices tumbled throughout 2015. Average monthly platinum prices fell from \$1,252 an ounce at the start of 2015 to \$865 an ounce at year end. Similarly, the average monthly gold price dropped from \$1,252 an ounce to \$1,068 an ounce by year end. The price of iron ore decreased from \$67.39 per tonne to \$39.60 per tonne and the South African thermal coal export price decreased from \$62.18 per metric tonne to \$49.98 per metric tonne.

Source: Johnson Matthey, Kitco, Quandl, Index Mundi

Economics of mining continued

These declines in commodity prices were somewhat offset by the weakening of the rand in terms of the US dollar, the currency in which most commodities are priced on world markets. While the rand weakened steadily from May 2015, this weakening gained momentum from August. The weaker rand meant that gold, for example, saw its monthly average price increase in terms of rands over the year from R14,489 to R15,951 an ounce, providing a positive platform for the start of 2016. Other commodities did not benefit to the same extent but the weaker rand:dollar exchange rate did at least mitigate some of the commodity price depreciation in 2015.

Rand/US dollar exchange rate



A sharp weakening of the rand towards the end of 2015 benefited dollar-denominated commodities.

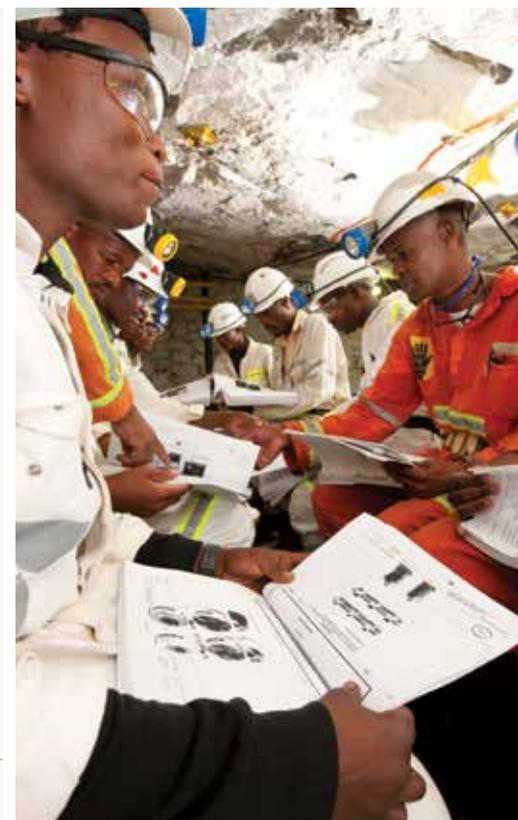
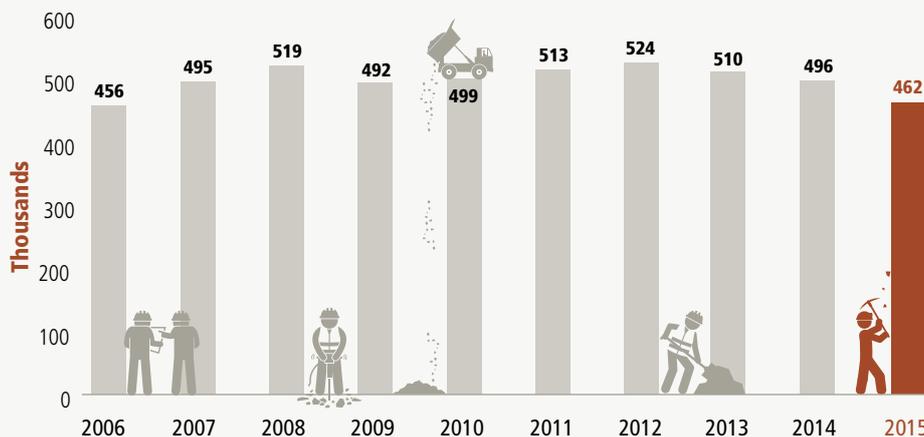
Source: South African Reserve Bank



Mineworkers attending a weekly safety briefing

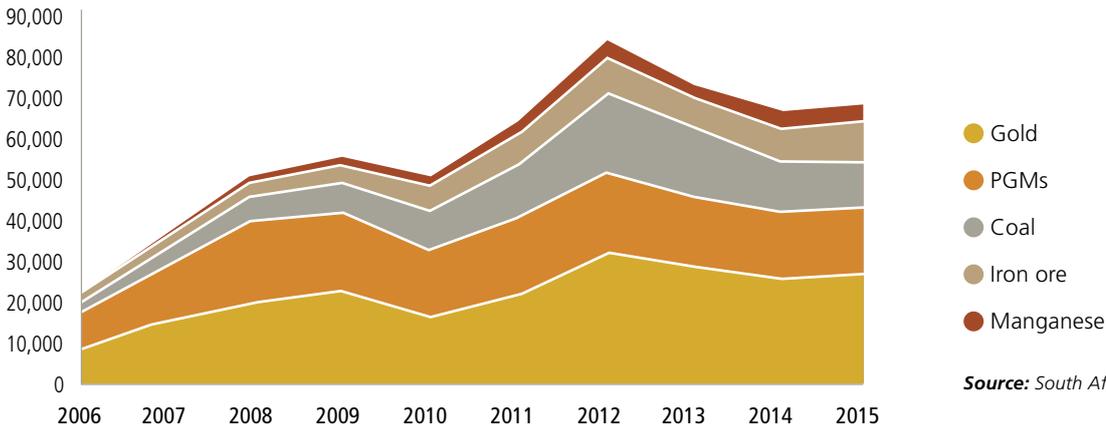
Despite these factors, mining has continued to be a strong provider of employment in South Africa. The mining industry employed 462,000 individuals in 2015. Although this is a decrease of 6.85% from 496,000 in 2014, the industry has done its best to minimise job losses. The industry signed what was termed the “jobs pact” in August as part of a commitment to the sustainability of the industry and avoiding job losses. Unfortunately, not all job losses could be avoided, but voluntary packages were used as much as possible to mitigate the effect of retrenchments.

Total annual employment by mining sector



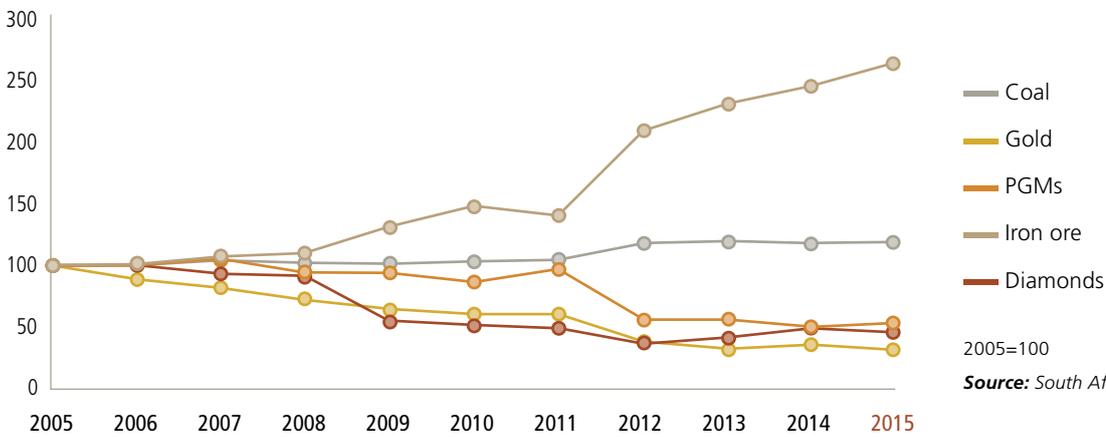
ECONOMICS OF MINING continued

Capital expenditure by South African mining by commodity (R million)



Source: South Africa Mine 7th edition, PwC

Index – annual production by commodity



2005=100

Source: South Africa Mine 7th edition, PwC



Employees at Royal Bafokeng Platinum's Bafokeng Rasimone Platinum Mine





SECTION

04

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IMAGE

Cleaning core samples at Coal of Africa's Makhado project in Limpopo

SETTLEMENTS IN GOLD WAGE NEGOTIATIONS WERE ACHIEVED WITHOUT INDUSTRIAL ACTION.

FOCUS AREAS IN 2015



Employment relations

The Chamber's Employment Relations department strives to make a positive contribution to the creation and maintenance of a stable employment relations environment in the mining industry, and to create practical and sustainable value for key mining industry stakeholders in the employment relations sphere, by:

- promoting and fostering sound and constructive relationships with key stakeholders, in particular government and labour;
- providing a credible platform for knowledge development and sharing in critical areas that have a potential impact on employment relations in the mining industry and in South Africa generally; and
- being the trusted voice of the mining industry on employment relations-related policy and legislative matters.

WAGE NEGOTIATIONS

Gold wage negotiations

The Chamber of Mines led the centralised 2015 wage negotiations with organised labour on behalf of AngloGold Ashanti, Evander Gold Mines, Harmony, Sibanye Gold and Village Main Reef. From the outset, the employers sought to reach an agreement that would take the economic and social sustainability of the industry into account.

This was particularly important given the significant challenges faced by the gold industry, which include declining production, increased real labour costs, declining dollar gold prices and declining employment figures while, at the same time, being faced with demands for annual wage increases that exceeded 100% in some instances.

Taking these challenges into account, the gold producers approached wage negotiations differently and indicated to the unions that the parties needed to move away from the traditional positional bargaining characterised by conflict.

After months of tough, yet respectful negotiations, wage negotiations were concluded with unions representing the majority of employees in the sector in October 2015. The agreements are valid for a period of three years.

The agreements reached are substantial and will see an increase of between R25,000 and R30,000 per employee per annum over the three-year period. Entry-level employees, for example, will now receive guaranteed wages of between R97,000 and R106,000 per year in the third year of the agreement, excluding bonuses and overtime (which add a further significant portion to an employee's take-home pay).

The agreements were reached between the companies and three unions (the National Union of Mineworkers (NUM), UASA and Solidarity) without industrial action. Regrettably, agreement could not be reached with the Association of Mineworkers and Construction Union (AMCU) despite protracted efforts by the companies. At AngloGold Ashanti and Harmony, where the NUM, Solidarity and UASA represent the majority of employees, the agreement reached with these unions was extended to all employees, irrespective of union affiliation, by virtue of Section 23(1)(d) of the Labour Relations Act (LRA). At Sibanye, increases were unilaterally implemented for all employees irrespective of union affiliation even though agreement had not been reached with the majority of employees (AMCU represented



The Chamber of Mines led the centralised 2015 wage negotiations with organised labour on behalf of AngloGold Ashanti, Evander Gold Mines, Harmony, Sibanye Gold and Village Main Reef.



increase

per employee per annum over a three-year period

FOCUS AREAS IN 2015 continued

42% of employees). This was done as the company felt that it would be prejudicial to those employees who are members of AMCU, and could have led to workplace tensions.

In March 2016, the Labour Appeal Court dismissed the appeal by AMCU against the 2014 decision of the Labour Court in favour of the Chamber of Mines. This follows the final order made by the Labour Court in June 2014, confirming an interim order preventing AMCU from embarking on protected strike action at certain operations owned by AngloGold Ashanti, Harmony and Sibanye, by the Labour Court in January 2014. This was a satisfactory ruling for the Chamber and brings to an end any uncertainty relating to Section 23(1)(d) of the LRA.

Coal wage negotiations

Negotiations for the coal industry were particularly challenging in 2015 as commodity prices reached their lowest levels in a number of years, while operating costs continued to increase at rates well above inflation. At the same time, unions were demanding increases which were significantly more than companies could afford. Following a short period of protected industrial action, the parties reached a two-year agreement at the limit of what was affordable given subdued demand and increased cost pressures.



Underground workings at African Rainbow Mineral's Modikwa platinum mine



Employment relations continued

EMPLOYEE INDEBTEDNESS

Indebtedness remains a concern in all spheres of South African society and, as economic circumstances deteriorate and job losses rise, the situation is likely to intensify. Ironically, mining employees are vulnerable to formal and informal lenders as they have a stable, good income, and have access to banking systems and other documentation.

Employee indebtedness is known to have been a catalyst contributing to unreasonable wage demands and industrial action in 2012 and 2013, and is understood to be fuelling more recent expectations.

The Framework Agreement for a Sustainable Mining Industry concluded in July 2013 under the chairmanship of the then Deputy President, Kgalema Motlanthe, provided that employers had to inform their employees of emolument attachment orders when creditors presented these orders to companies for deduction from employees' salaries. It was envisaged that this would enable employees to determine the legitimacy of these orders.

Dealing with indebtedness was a feature of the 2013 gold and the 2014 platinum wage settlements, and is an area where unions and management have worked together, constructively.

An industry-level indebtedness task team consisting of Chamber, company and union representatives was established in 2012. Since then, the parties have worked closely to come up with solutions. Financial literacy training is widely available across the industry and is aimed at changing behaviour, supporting employees by providing effective debt relief solutions, dealing with unscrupulous lenders, reviewing the legality of judgments against employees and the legitimacy of emolument attachment orders, better managing the administration of garnishee orders against employees' salaries; and working with peers, organised labour and government to create an environment where consumer protection and credit laws are enforced.

Furthermore, the Chamber of Mines also represents its members on various NEDLAC task teams to work on proposals to further assist indebted employees to reduce their debt.

MIGRANT LABOUR

The various labour and social issues pertaining to migrant labour were acknowledged as contributing factors to the August 2012 Marikana tragedy. The Framework Agreement for a Sustainable Mining Industry concluded in July 2013 by all stakeholders under the chairmanship of the then Deputy President, Motlanthe, provided that government, business and labour would work together to transform the migrant labour system.

The Technical Task Team (in which the Employment Relations department represents the Chamber) tasked with the implementation of the Framework Agreement, established a multi-stakeholder task team under the chairmanship of the Department of Performance Monitoring and Evaluation (DPME). Researchers were contracted to provide a picture of the migrant labour system in the North West Province and elements of continuity and changes since 1994. They were also tasked with evaluating the main negative impacts of the system for employees, labour relations and productivity.



Financial literacy training is widely available across the industry and is aimed at changing behaviour and supporting employees by providing effective debt relief solutions.

FOCUS AREAS IN 2015 continued

In February 2015, the researchers presented their final report to the Technical Task Team and to the leadership in mining at the Presidential meeting held in October 2015. The researchers found that mining employees usually earned twice the median wage of other employees in mining towns and that conflict was not mainly rooted in pay but rather in a combination of the unusually poor living and working conditions of most miners. In the informal settlements, municipal and social services were far below national norms. Furthermore, social facilities and especially schools were in short supply. Focus group interviews also established that employees were frequently “unusually frustrated on the job”. The report also recommended that companies had to address issues such as strained employment relationships with continued discrimination and lack of respect.

HOUSING AND ACCOMMODATION

In 2015, the Chamber’s focus was on providing support to members in facilitating home ownership opportunities for mine employees. This was done in order to give effect to the Special Presidential Package for the Revitalisation of Distressed Mining Towns, and the Social Contract for the Delivery of Sustainable Human Settlements. The following activities were undertaken:

- The Chamber has been facilitating access to retail financing for the acquisition of houses, given that lack of access to finance has been identified as a key obstacle to home ownership. The challenge presents particularly in respect of those employees who do not qualify for either government housing or bank finance.
- The Chamber’s Accommodation Task Team has been engaging with various finance institutions in exploring financing models including the National Housing Finance Corporation, the Banking Association of South Africa and other private service providers in finance.
- The Chamber has played an important role in seeking assistance for municipalities regarding capacity building given that one of the identified obstacles to successful housing delivery is the limited capacity of some municipalities. With the help of the Development Bank of Southern Africa (DBSA), the Chamber is working to identify municipalities where these challenges exist, and then seek collaboration to assist these municipalities with the required capacity building. Although engagements between the Chamber and the DBSA were suspended to allow for the creation of institutional arrangements, joint discussions have been revived.

LEADERS’ DECLARATION TO SAVE JOBS IN THE MINING INDUSTRY

The Employment Relations department participated in discussions on measures to avoid job losses in the mining industry or, where job losses are inevitable, to ameliorate the impact of these job losses. The engagements took place under the auspices of the MIGDETT, with the participation of government departments, labour and business. The engagements culminated in the signing of the Leaders’ Declaration (Jobs Declaration) on 31 August 2015. Some of the measures agreed to in the Declaration include enhancing productivity, using concurrent rehabilitation to create jobs, providing post-retrenchment support to retrenched employees and promoting investment and market development.

LABOUR POLICY COMMITTEE

The Employment Relations department oversees and coordinates the Chamber’s Labour Policy Committee (LPC), a forum that comprises senior employment relations and human resources managers from Chamber members across all commodities, including mining contracting companies.



The Chamber has played an important role in seeking assistance for municipalities regarding capacity building.



The Employment Relations department participated in discussions on measures to avoid job losses in the mining industry.

Employment relations continued

This forum seeks to influence policy and legislation affecting the mining industry through advocacy initiatives, engagements and participation in relevant debates and processes. The LPC develops and mandates industry positions on relevant issues, which in turn feed into national debates and processes, either directly or through other structures such as BUSA.

A number of key issues that were discussed and mandated by the LPC during the period under review included submissions on the designation of certain mining services as essential services; the implementation of the Jobs Declaration; and the possible implementation of a Training Layoff Scheme in the mining industry.

TRANSFORMATION OF THE LABOUR RELATIONS ENVIRONMENT

In his State of the Nation Address of 17 June 2014, the President called for social partners to deliberate on the state of labour relations in the country and to address low wages, wage inequalities, and the upsurge in violent and protracted strikes. This was done in the format of an indaba, under the auspices of NEDLAC and the stewardship of the Deputy President, and culminated in the Ekurhuleni declaration, which was signed by all the stakeholders on 4 November 2014.

A multi-stakeholder NEDLAC Technical Task Team was created to implement the various objectives set out in the Declaration (the Chamber's Employment Relations Department is involved in the Task Team). The Task Team commenced work in January 2015 and was engaged in negotiations during the course of the year. Labour pushed for a national minimum wage (NMW) to be introduced. All indications are that a NMW will be introduced in 2016 and the key focus of NEDLAC is currently on where to peg the NMW.

Proposed amendments to the LRA which provide for compulsory pre-strike secret balloting without contravening the Constitution, have been drafted. In addition, amendments to the LRA which provide for advisory arbitration in the event of prolonged strike action, have also been drafted. These proposed amendments are supported by both business and government. However, it remains debatable whether labour and community organisations would be prepared to agree to the proposed amendments to the LRA.

Participation in BUSA and NEDLAC

In the execution of the Employment Relations department's advocacy and lobbying functions, the department was involved in BUSA's Standing Committee on Social Policy and Transformation (SOCPOL) and NEDLAC's Labour Market Committee (LMC).

During 2015, SOPOL focused on the various policy issues that affect business in general, including engagements with government on, among others, immigration regulations, issues affecting small businesses and inputs by BUSA Task Teams into the various proposed legislative instruments.

Among the issues that the LMC dealt with are regulations to the Public Employment Services Act, the Labour Laws Amendment Bill on Parental Leave, Labour Market Policy Review and the Monitoring of Labour Market Institutional Trends.



Harmony's Masimong housing complex involved the conversion of hostels into family units



FOCUS AREAS IN 2015 continued



Safety

The Chamber of Mines and its member companies remain committed to the goal of zero harm to its employees. The Chamber is actively involved in a number of initiatives and partnerships aimed at eliminating fatalities and injuries in the mining industry.

Over the past 21 years, safety statistics have improved by 87% – testimony to the significant efforts of all the parties involved – management, employees, government and trade unions.

In 2015, fatalities in the mining sector numbered 77 (2014: 84) – a stark reminder nevertheless that our efforts need to be redoubled, and that we need to push for further success and guard against complacency. We must all work towards the goal of all mineworkers returning home unharmed every day.

The South African mining sector now compares favourably, in terms of fatality rates, with developed mining nations such as the United States and Canada. The progress achieved in the area of workplace safety and health is a tribute to the 2014 Health and Safety Tripartite Summit, continued engagement with the DMR and organised labour through the Mine Health and Safety Council (MHSC), and at the same time truly recognises the *bona fides* of these institutions.

CHAMBER OF MINES SAFETY DEPARTMENT

The Chamber plays an important facilitative and co-ordinating role in effecting improvements in the area of safety and health. This includes engagement with the DMR and organised labour through the MHSC, as a member engaging with international industry bodies through the International Council on Mining and Metals (ICMM).

MINE HEALTH AND SAFETY COUNCIL

The MHSC was set up in 1996 to direct safety in the mining industry and to respond to industry safety challenges. This body built on the achievements of years of fundamental research that was undertaken and funded by the mining industry. The MHSC comprises a tripartite board represented by the state, employers and organised labour, under the chairmanship of the Chief Inspector of Mines.

The MHSC is funded by public revenue and is accountable to Parliament. The MHSC's primary tasks are to advise the Minister of Mineral Resources on occupational health and safety legislation and research outcomes focused on improving and promoting occupational health and safety in South African mines.

This body has been working on the implementation plan of the 2014 Summit milestones on occupational health and safety and plans to effectively implement the milestones in the upcoming year. Through the MHSC, more than R250 million has been spent on research into the seismicity associated with our deep-level mines. The research outcomes have led to new mine designs and methods, and the fatalities associated with seismicity declined from 48 in 2003 to four in 2014.

MINING QUALIFICATIONS AUTHORITY

The Chamber's safety department, along with the MHSC, works closely with the Mining Qualifications Authority (MQA), which plays a critical role in addressing skills shortages in the mining industry through capacity development and process improvement. The MQA is mandated to ensure that the mining and minerals sector has sufficient numbers of competent people who have been trained to improve health and safety standards and processes.

By commodity, the breakdown of workplace fatalities year on year is as follows:

Gold mines

33 fatalities

reported in 2015 compared with a total of 44 fatalities in 2014, an improvement of 25%.

Platinum mines

22 fatalities

reported in 2015 compared with a total of 16 fatalities in 2014, a regression of 38%.

Coal mines

5 fatalities

reported in 2015 compared with a total of nine fatalities in 2014, a significant improvement of 44%. Five of the 16 companies which operated without any fatalities for a 12-month period in 2015 were collieries.

Other mines

17 fatalities

reported in 2015 compared with a total of 15 fatalities in 2014, a regression of 13%. This category of mines includes diamonds, chrome, copper, iron ore, and all other mines not specified above.

Safety continued

CEO'S ZERO HARM TASK TEAM

In addition to these institutions, the Chamber has played a leading role in the CEO's Zero Harm Task Team. The team was established to acknowledge the value of leading by example, and for chief executives to share their experiences throughout the company, and thereby drive mine health and safety initiatives and address the challenges in this key mining discipline.

The committee had been led by Mr Graham Briggs (immediate past chief executive of Harmony) since 2012, and he has since been succeeded by Mr Terence Goodlace (chief executive of Implats) as the chair. The Chamber extends its gratitude to Mr Briggs, and support for Mr Goodlace with the continued work of this team.

SAFETY OF WOMEN IN MINING

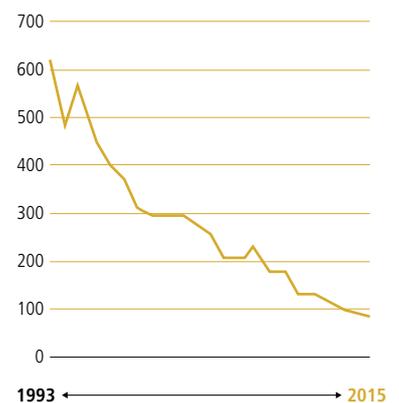
Since the promulgation of the MPRDA in 2002, there has been an increase in the number of women employed in the mining sector as employers committed to compliance with the diversity and transformation requirements of the industry. Increasingly, the role of women in the sector has become more significant, even though this often presents its own challenges, particularly in the areas of health and safety.

This is a particular area of concern for the Chamber and is addressed through collaboration with stakeholders, including government and organised labour. This emphasis arises from incidents in which the safety and security of women working underground had been compromised.

Reaction to these concerning incidents included the commissioning of research by the Parliamentary Portfolio Committee (PPC) and the MHSC to address the health, hygiene, safety and security challenges faced by women in mining. Some of the outcomes already being considered by mining companies include:

- personal protective equipment (PPE) for women in the South African mining industry (SIM 100904);
- safety and security challenges affecting women in the South African mining industry (SIM 130903); and
- development of promotional material on sexual harassment in the South African mining industry (SIM 020/13-14).

Number of fatalities in the mining industry over a 21-year period



The South African mining sector now compares favourably in terms of fatality rates with developed mining nations such as the United States and Canada.

IMAGE

Chamber members achieved the Mining Charter target of 10% for women in mining



FOCUS AREAS IN 2015 continued

The Chamber, in collaboration with government and organised labour at the MHSC, agreed that the 2015/16 campaign programme will deal with women in mining concerns as outlined in the 2014 Summit milestones on occupational health and safety.

MOSH LEARNING HUB

The good work of the MOSH Learning Hub continues to be recognised and supported by all the tripartite stakeholders. Essentially, this work entails encouraging mining companies to learn from the pockets of excellence that exist within the mining industry. This work was undertaken by adoption teams in areas of dust, noise, falls of ground, transport and machinery with assistance from the learning hub secretariat and the direct involvement of the mining industry. Among the success stories of this work are the following:

- improvements in underground support methods have resulted in fewer fall of ground fatalities.
- traffic management was identified as a leading practice for transport and machinery in open pit/cast operations. Furthermore, expert models for understanding the risks in this area have been completed and will guide, inform and direct the selection of new leading practices in the near future.
- a total of 824 industry representatives participated in 13 MOSH Learning Hub events. The events were initiated by industry, for industry.
- observational field studies were undertaken at several mines to establish understanding and application of behaviour change management. It has since emerged that there is a need to build capacity, competence and capability in managing behavioural change, an important requirement in the successful adoption of leading practices and other change initiatives.
- 95% of mines adopted the hearing protection device leading practice. This assists occupational hygienists in selecting specific and appropriate protection devices per occupation, along with training manuals in four different languages.
- in the area of occupational health, continuous real-time monitoring of engineering controls for airborne pollutants and multi-stage filtration systems and scraper-winch covers have reduced dust levels significantly, with a 66% and 85% improvement in gold and coal mines respectively. There was a further 71% improvement in the dust load and a 98% improvement in air quality following the installation of multi-stage filtration systems, and an average improvement of 50% in aerosol particles measured as individual dust exposures among winch operators following the installation of the winch cover.

NOISE

The MOSH Noise Team has been facilitating the Industry-wide Buy and Maintain Quiet Initiative (IBMQI). This is a noise source elimination initiative for managing the noise hazard at the machine design phase. It utilises the collective demand from the industry to motivate original equipment manufacturers and suppliers to focus more on noise reduction as part of their product development. The initiative acknowledges that individual mining companies have established Buy Quiet Policies albeit with limited success. Some of the key achievements of the IBMQI to date include, among others:

- agreement on a guidance document on standardised measurement methodology;
- compilation of the Industry Noise Source Inventory;
- development of a framework for engaging original equipment manufacturers and suppliers; and
- review of past research in noise.

DUST

The Continuous Real-time Monitoring of Airborne Pollutants Engineering Controls Leading Practice Report was finalised in February 2015 and introduced to industry at an adoption workshop in April 2015. The leading practice consistently provides assurance of the sustained integrity of appropriate engineering controls tailored to mitigate airborne pollutants.

The MOSH Dust Team adopted a strategy to attract support from industry by presenting its aims and findings at numerous regional tripartite forums around the country. As a result of these various efforts, 67 mines investigated the relevancy of the practice. A total of 46 mines completed this activity and committed to adopting the leading practice. The resultant report illustrates the effectiveness of the engineering controls used to mitigate the airborne pollutants.

FALLS OF GROUND

Early in 2015, investigations undertaken into the risk of fatalities caused by ledging activities indicated that fall of ground fatalities were the most prominent. Subsequently, an industry day of learning was held successfully in October 2015 and well attended by close to 200 high-level decision makers including representatives from organised labour, the DMR and academic institutions. Many insights were shared, presentations made, and in-depth discussions held on ways and means to improve ledging practices and associated safety risks, with the outcome of a "Guide to Good Ledging Practice" being envisaged.

In addition, a position paper to guide the way forward in the area of marking, drilling, charging and blasting was written and reviewed by the industry. Subsequently, visits to two mines' training centres were undertaken to assess the quality of training in the area of marking, drilling, charging and blasting. The experience from these visits suggests that the quality of training content in the industry is good. However, there may be insufficient training time to put learning into practice before people are expected to go into full production. Two underground sites have been identified to evaluate the practice underground.

TRANSPORT AND MACHINERY

The focus of the adoption team continued to be on supporting practices to improving safety performance in transport and machinery. The economic challenges and the aftermath of the five-month long strike in the platinum sector in 2014 had a marked negative impact on the roll out of the Proximity Detection Systems (PDS) leading practice. Companies were not progressing with the fixed beacon functionality of the PDS leading practice, and the CEO Zero Harm Task Team recommitted its support for this functionality at the end of the year.

Making progress together, in partnership

In 2009, the Chamber launched the MOSH Learning Hub to help companies learn from pockets of excellence in the industry. It is the largest programme the Chamber initiated in the last decade.

Through the MOSH system, mines have applied applicable leading practice/s such as hearing protection devices to reduce noise induced hearing loss risk.

A leading MOSH practice is using nets with bolts to prevent fall of ground accidents.

Proximity detection systems have saved lives.

Leading practices like continuous real-time monitoring of airborne pollutants engineering controls, multi-stage filtration systems and scraper-winch covers have reduced dust levels significantly.

FOCUS AREAS IN 2015 continued



Health

INTRODUCTION

2015 was the first year in the implementation of the 2014 Summit Action Plan. Both within the Chamber and the MHSC much focus was on the development of a reporting template on the 2014 Milestones. The Health Policy Committee and the Group Environmental Engineers were instrumental in the development of the template adopted by the industry.

There was much activity in the legislative sphere, including serious deliberations on the amendments to the Mine Health and Safety Act (MHSA), the initiation of amendments to the Occupational Diseases in Mines and Works Act (ODMWA), and a number of TB and HIV initiatives that included the launching of Masoyise iTB, a project dedicated to the screening of all mineworkers for TB and HIV.

Through the Ex-Mineworker Project, massive support was provided to the DOH's Medical Bureau for Occupational Diseases (MBOD) and to the Compensation Commissioner for Occupational Diseases (CCOD).

POLICY AND LEGISLATIVE ENVIRONMENT

The mining health sector is governed by legislation from three departments: Mineral Resources, Health and Labour.

Amendments to the MHSA were not completed by the end of 2015 but much progress was achieved through NEDLAC and very few issues were still in dispute by the end of that year. It is now expected that the Bill will go through Parliament in 2016.

Amendments to ODMWA gained momentum towards the end of 2015 when the Deputy Minister of Mineral Resources was tasked with leading the process of integrating the compensation systems (ODMWA and the Compensation for Occupational Injuries and Diseases Act (COIDA)). It is expected that much of this work will be completed in 2016.



The Chamber and its members are contributing to the Department of Health's anti-TB campaign



The long-awaited White Paper on the National Health Insurance (NHI) was published on 11 December 2015 and time for submission of comments has been extended until the end of May 2016. A key area that has been clarified in the White Paper is “financing of the NHI” where various options including direct taxation, indirect taxation, payroll taxation and collection of premiums are explored and modelled. There is still no specific mention of occupational health services and no further elucidation on how NHI will integrate services currently provided through COIDA and ODMWA. The Chamber will engage the DOH on these issues and will make its individual and collective inputs on the White Paper through BUSA.

SECTOR PERFORMANCE ON OCCUPATIONAL HEALTH

The DMR releases occupational health statistics in its Inspectorate Annual Report. The statistics for 2014/2015 were derived from occupational hygiene measurements conducted by the mining companies and annual medical reports submitted to the department. Below are extracts from the report.

Occupational hygiene/ventilation

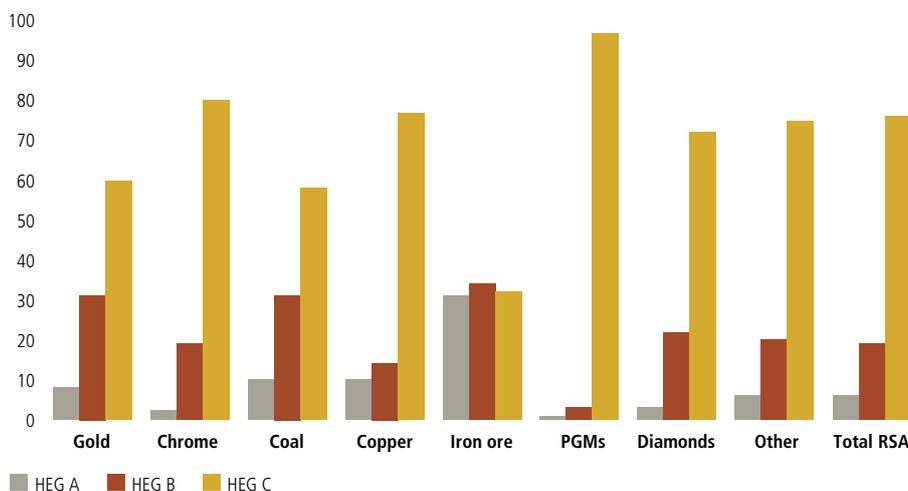
Airborne pollutants

In the graph below, the PGM sector has demonstrated that investment into control measures can prevent over exposure. Then again, the 2014/2015 annual Mine Health and Safety Inspectorate Report points out that the overall South African mining industry's airborne pollutant exposure prevention has regressed by 0.35%, when comparing 2013 data with that of 2014.

The South African mining industry remains committed to achieving zero harm. Interventions continue to be investigated, implemented and adopted in order to reduce the burden of occupational health diseases by ensuring that all exposures are below the Homogenous Exposure Group (HEG) C classification band.

Since inception of the revised milestone, Chamber members have been collecting quarterly occupational hygiene exposure data in order to monitor progress against the milestone.

Percentage exposure to airborne pollutants per classification band per commodity in 2014 (%)



HEG A HEG B HEG C
 Exposure classification bands
 A = Exposures ≥ the OEL or mixture of exposures ≥ 1
 B = 50% of the OEL ≤ exposures < OEL or 0.5 ≤ mixtures of exposures < 1
 C = 10% of the OEL ≤ exposures < 50% of the OEL or 0.1 ≤ mixtures of exposures < 0.5
Source: Department of Mineral Resources, 2014/15 Inspectorate Annual Report



The industry reviewed the respirable crystalline silica milestone in 2014, and now requires that “by December 2024, 95% of all exposure measurement results will be below the milestone level for respirable crystalline silica (RCS) of 0.05mg/m³ (these results are individual readings and not average results)”.

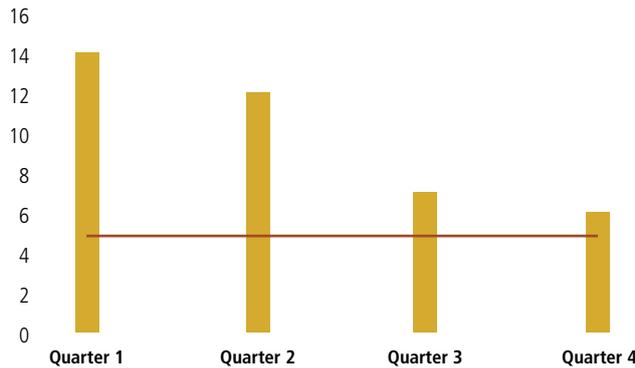
FOCUS AREAS IN 2015 continued



The graph below illustrates commitment and progress towards the agreed milestones whereas the reported mines have proven 94% conformance towards the RCS milestone in quarter 4 of 2015.

The Chamber's members have committed to prevent noise exposure from source, and to engage through the MOSH Noise Team to adopt leading practices that will ensure elimination of NIHL.

Chamber of Mines 2015 percentage conformance data with RCS milestone (%)



% of individual personal RCS measurements > 0.05mg/m ³	14	12	7	6
Silica milestone target	5	5	5	5

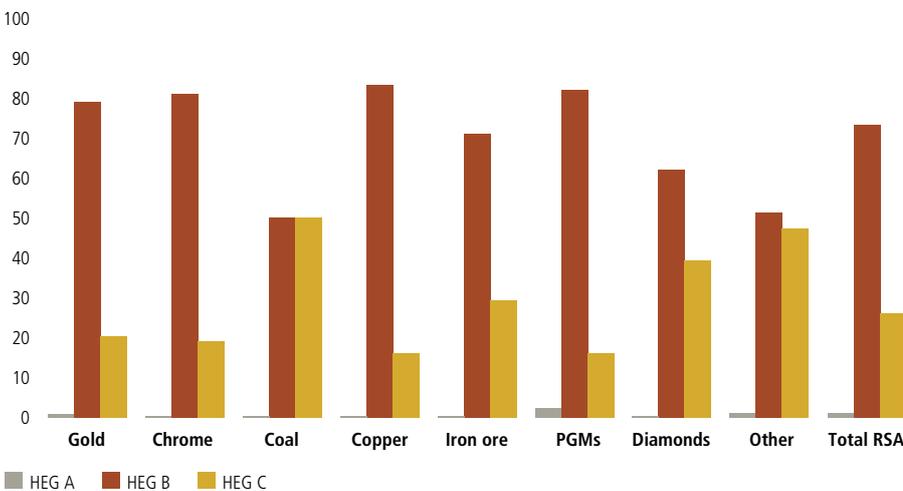
Personal noise exposure measurements

Following the adoption of the milestone on elimination of noise induced hearing loss (NIHL) in 2003 and its review in 2014, Chamber members have committed to prevent noise exposure from source, and to engage through the MOSH Noise Team to adopt leading practices that will ensure elimination of NIHL. The 2014/2015 annual Mine Health and Safety Inspectorate report has indicated that noise exposure in the industry has been reduced, when 2013 HEG Classification band A data is compared with 2014 HEG Classification band A data. This improved by 1.92% in 2013 and 0.74% in 2014.



improvement
in NIHL in 2014

Percentage exposure to noise by commodity (%)



Exposure classification band:
 A = Exposures ≥ 105 dB $L_{Aeq,8h}$
 B = 85 dB $L_{Aeq,8h} \leq$ exposures < 105 dB $L_{Aeq,8h}$
 C = 82 dB $L_{Aeq,8h} \leq$ exposures < 85 dB $L_{Aeq,8h}$

Source: Department of Mineral Resources, 2014/15 Inspectorate Annual Report

Health continued

OCCUPATIONAL MEDICINE

Occupational medicine statistics

In 2015, there was an overall 3% decline in the number of occupational diseases reported. Although this is not a large percentage, it is encouraging, given the improvements in statutory reporting.

Occupational diseases reported by mining region: 2013 and 2014

Region	Silicosis		PTB		Sil+TB		NIHL		CWP		Asbestosis		Other		Total		% change
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Eastern Cape	2	0	0	4	0	0	0	0	0	0	0	0	0	0	2	4	100
Free State	483	472	775	597	51	55	170	195	0	0	2	1	106	116	1,587	1,436	(10)
Gauteng	309	224	646	818	3	13	173	192	0	0	0	0	74	120	1,205	1,367	13
KwaZulu-Natal	6	2	65	86	0	0	15	23	1	2	1	0	1	3	89	116	30
Limpopo	6	1	45	110	0	0	132	169	8	4	0	3	4	6	195	293	50
Mpumalanga	41	28	335	375	1	3	308	198	111	88	6	9	70	60	872	761	13
Northern Cape	0	7	39	102	0	0	151	185	1	0	0	1	6	8	197	303	54
North West:																	
Klerksdorp	362	136	403	199	93	37	96	104	0	0	0	0	165	68	1,119	544	(51)
North West:																	
Rustenburg	220	193	940	1166	1	1	339	342	4	0	1	1	25	30	1,530	1,733	13
Western Cape	1	0	7	3	0	0	5	16	0	0	0	0	1	1	14	20	43
Total	1,430	1,063	3,255	3,460	149	109	1,389	1,424	125	94	10	15	452	412	6,810	6,577	(3)

Occupational diseases reported by mining region: 2013 and 2014

	Silicosis		PTB		Sil+TB		NIHL		CWP		Asbestosis		Other		Total		% change
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Gold mines	1,164	837	1,900	1,697	140	107	471	470	0	0	2	0	358	312	4,035	3,425	(15)
Platinum mines	217	178	949	1,134	0	0	354	387	7	0	0	1	17	17	1,544	1,717	11
Coal mines	8	8	269	279	0	0	230	131	116	94	6	7	42	37	671	556	(17)
Diamond mines	11	1	6	17	3	0	14	42	0	0	0	0	7	12	41	72	76
Other mines	30	39	131	333	6	2	320	394	2	0	2	5	28	34	519	807	55
Total	1,430	1,063	3,255	3,460	149	109	1,389	1,424	125	94	10	15	452	412	6,810	6,577	(3)

Source: Department of Mineral Resources, 2014/15 Inspectorate Annual Report

Definitions:

PTB – Pulmonary tuberculosis

CWP – Coal worker's pneumoconiosis

FOCUS AREAS IN 2015 continued

TB and HIV statistics

The DMR has over the past two years implemented reporting on TB and HIV through the DMR 164 Instruction. This has produced good results, as presented in the table below.

Results of TB and HIV testing in 2013 and 2014

Data elements	2013	2014
Total labour force	423,032	465,923
Counselled for HIV	229,151 (54.2%)	259,297 (55.7%)
Tested for HIV	192,557 (84%)	183,202 (70.7%)
HIV positive	17,384 (9.0%)	19,084 (10.4%)
Co-infected with TB and HIV	2,905 (80.8%)	2,820 (63.2%)
Living with HIV and on ART in 2014	28,887	24,740
Screened for TB	308,403 (72.9%)	376,718 (80.8%)
Diagnosed with TB	3,593 (1.2%)	4,461 (1.2%)
On TB treatment	3,482 (96.9%)	3,999 (89.6%)
Diagnosed with multi-drug resistant TB (MDR-TB)	149 (4.1%)	190 (4.3%)
On MDR-TB treatment	172 (4.8%)	197 (2.03%)
Diagnosed with extremely drug-resistant TB	11 (0.3%)	18 (0.4%)

Source: Department of Mineral Resources, 2014/15 Inspectorate Annual Report

TUBERCULOSIS AND HIV/AIDS

TB and HIV were a key focus for the Chamber in 2015. The Chamber also played a leading role in the Masoyise iTB initiative.

TB and HIV parallel session

The biennial South African National AIDS Conference took place in Durban from 9 to 12 June 2015. In collaboration with the South African Business Coalition on Health and AIDS and the MHSC, the Chamber hosted a parallel session on HIV/AIDS and TB at the conference, in line with the strategy of Promoting Zero Harm and in support of the implementation of the Mine Health and Safety Milestones set for HIV/AIDS and TB.

The purpose of the session was to enhance knowledge on HIV/AIDS and TB in the business sector, share initiatives undertaken by the partners in the sector on control and management of HIV/AIDS and TB, and to explore innovative approaches to improve management of HIV/AIDS and TB in the future. The session was considered to be successful, with over 100 delegates attending and the Chief Inspector of Mines, David Msiza, giving the keynote address.

Masoyise iTB

The DOH and DMR, the mining unions and the Chamber launched a major TB and HIV screening campaign in South Africa's mining sector. The Masoyise iTB initiative will run over three years and forms part of the broader national campaign announced by Deputy President Cyril Ramaphosa on World TB Day 2015.

Chamber member companies have agreed to participate and ensure that every employee is screened and tested for TB and HIV annually from 2016 to 2018. Most companies already have comprehensive TB screening, testing, treatment and contact tracing in place, which are aligned with World Health Organization (WHO) practices. In fulfilling this obligation, the

The data suggests high levels of testing for TB – 80.8% of the total workforce in 2014 – but level of counselling for HIV were lower at 55.7%.



the Summit Commitment
is that 100% of employees will be screened for HIV

Chamber is working through a multi-stakeholder Steering Committee, chaired by the Vice President of the Chamber, Andile Sangqu, with the objective of ensuring testing in the entire mining industry. The project will be used to improve contact tracing beyond the mine, to enhance access to diagnostics and to involve smaller mines in the initiative.

MINE HEALTH AND SAFETY COUNCIL

The MHSC is a tripartite structure established as per the provisions in the MHSA and comprises the following four committees:

- Mining Industry Occupational Health Advisory Committee
- Mining Industry TB and HIV Advisory Committee
- Safety in Miners Research Advisory Committee
- Culture Transformation Advisory Committee

The following guidelines/documents were finalised and approved by the MHSC in 2014/2015:

- Operational manual on the revised Guideline COP for Personal Exposure to Airborne Pollutants
- Guideline for a mandatory code of practice for cyanide management
- Guideline for the compilation of a mandatory code of practice for an occupational health programme (occupational hygiene and medical surveillance) on thermal stress
- Guideline for the compilation of a mandatory code of practice on minimum standards of fitness to perform work at a mine
- Guideline for the compilation of a mandatory code of practice for the management of medical incapacity due to ill-health and injury

Approved occupational health research projects for 2016/2017:

- Management and monitoring of confined spaces
- Illumination requirements for mechanised equipment operating in open pits
- Real-time respirable dust exposure monitoring
- Ergonomic design assessment of self-contained self-rescuers for women
- Review of legislated carbon monoxide limits
- Research into the impact of lead exposure

COMPENSATION FOR OCCUPATIONAL LUNG DISEASES

Ex-Mineworker Project

The Ex-Mineworker Project is a collaboration between the Chamber, the DOH and NUM covering the following broad areas:

- Establishment of occupational health centres at identified government hospitals to provide benefit medical examinations to former mineworkers;
- Strengthening of the certification and compensation claims process at the MBOD and the CCOD; and
- Promotion of sustainable economic projects.

In 2015, the project continued to support the improvement of administrative systems at the MBOD/CCOD. Due to the challenges encountered at the MBOD and CCOD, the project shifted its focus in the past two years to support these two institutions in fast tracking the payment of compensation to workers. The project continues to support the call centre through two service providers, XDS and Teba, and also pays for the hosting of the database.



The Ex-Mineworker Project ensured the establishment of occupational health centres to provide benefit medical examinations to former mineworkers.

FOCUS AREAS IN 2015 continued



Transformation

The Chamber continues to play a leading role in positioning its members ahead of other economic sectors in the country's transformation agenda.

Apart from looking after the interests of its members on such matters of legislation as the Mining Charter and the Board Based Black Economic Empowerment (B-BBEE) Act, the Chamber has been at the forefront of engaging with key stakeholders to demonstrate how its members have performed against the Mining Charter's targets 10 years after their launch. The Chamber has encouraged members to support the national transformation agenda by going beyond the Mining Charter's obligations especially in meeting SLP obligations.

In 2015, the DMR publicly reported on the industry's performance against the Mining Charter's targets for the past 10 years. While the industry as a whole conceded that some of the targets were not fully met, the Chamber was able to demonstrate the significant progress made by its members in meeting and performing beyond the set targets.



The Chamber has encouraged members to support the national transformation agenda by going beyond the Mining Charter obligations especially in meeting SLP obligations.

IMAGE

Petra Diamonds' Finsch diamond mine is located 160km northwest of Kimberley, the original home of South Africa's diamond mining sector



Transformation continued

Overall performance by Chamber members against Mining Charter targets

Charter element	Description	Measure	Compliance target 2014	Chamber assessment
Ownership	Minimum target for effective HDSA ownership	HDSA ownership %	26%	38%
		Percentage of companies achieving 26%	100%	100%
		Percentage of companies with BEE, community and employee stock ownership plan	–	41%
Housing and living conditions	Conversion and upgrading of hostels to attain occupancy rate of one person per room	Percentage reduction of occupancy rate towards 2014 targets	100%	73%
	Conversion and upgrading of hostels into family units	Percentage conversion of hostels into family units	100%	63.4%
Procurement and enterprise development	Procurement spent from BEE entity	Capital goods	40%	72%
		Services	70%	63%
		Consumable goods	50%	72%
	Multinational suppliers' contribution to the Social Fund	Procurement spend from multinational suppliers	0.5%	20%
Employment equity	Diversification of the workplace to reflect the country's demographics to attain competitiveness	Top management	40%	50.4%
		Senior management	40%	41.9%
		Middle management	40%	50.9%
		Junior management	40%	54%
		Core skills	40%	75.5%
Human resource development (HRD)	Development of requisite skills, including support for South African resource development	HRD expenditure as percentage of total annual payroll	5%	5.5%
Mine community development	Conduct ethnographic community consultative processes to delineate community needs analysis	Implement approved community projects	Up to date implementation	70.6%
Sustainable development and growth	Improvement in the industry's environmental management	Implementation of approved environmental management plans	100%	90.6%
	Improvement of the industry's mine health and safety performance	Implementation of tripartite plan on health and safety	100%	86.2%
	Utilisation of South African research facilities for analysis samples	Percentage of samples in South African facilities	100%	84.6%

FOCUS AREAS IN 2015 continued

The industry's transformation programme extends beyond the 2014 Mining Charter targets. While the initial targets have expired, the Mining Charter remains part of the MPRDA through Section 100 of this Act. Stakeholders in the mining industry, namely the DMR, organised labour and mining employers' bodies are yet to meet to agree on new targets for the Mining Charter.

Given that transformation has become so embedded in the industry, progress continues to be made against a number of targets; with stringent monitoring and management, the focus on maintaining and exceeding current performance persists. The DMR expects companies to continue to submit their annual Mining Charter reports even in the absence of new targets being set. The Chamber has been in the forefront of engaging with the DMR to start the process of determining new 10-year targets.

The mining industry awaits with interest the finalisation of the amended MPRDA Bill through the Parliamentary process to assess its outcomes and impact on the Mining Charter.

The Chamber drives its transformation agenda through the Charter Reference Group (CRG) Committee through which most of the Chamber's transformation activities are mandated. As a mandate-driven organisation, the Chamber calls on the CRG on a regular basis to develop mandates on positions that the Chamber will present to its key stakeholders and other counterparties. In preparing to engage with other stakeholders on the new Mining Charter targets, the CRG has already started discussing and developing positions for members on the new Charter. The development of the new Charter takes place in a time when the new B-BBEE Amendment Act is in force and requires all sector-specific transformation charters to be aligned with the B-BBEE Codes of Good Practice. The Mining Charter in its current form diverges from the B-BBEE Codes in a number of ways especially regarding the number of elements, the definitions of some elements, the SLP, the scoring system and most importantly, the fact that the Mining Charter is linked to mining rights. The CRG has noted these changes and has already started work on finding alignment with the B-BBEE Codes.

As matter of principle, the CRG has already agreed that the mining industry must be seen to be supporting the national transformation agenda even though it wishes to maintain its uniqueness as an industry. The CRG will ensure that such non-negotiable principles in the B-BBEE Codes as ownership, enterprise development, procurement and human resources development are included in the new Mining Charter. Members of the Chamber, through the CRG, are developing various scenarios on how best to align the Charter with the B-BBEE Codes. The Chamber will be ready and committed to engage with other key stakeholders on these scenarios.

Following publication by the DMR in April 2016 of a draft of the revised Mining Charter, the DMR, the Chamber and other key industry stakeholders embarked on an engagement process to discuss its content. The Chamber will continue to monitor progress on behalf of its members and advise accordingly on how best to support the transformation agenda.

As part of its transformation agenda, a strategic objective of the Chamber is to improve its representation of membership to ensure that it broadly represents major mining companies as well as emerging miners. To achieve this objective, the Chamber has set up an Emerging Miners' Desk. The main purpose of this desk is to recruit new entrants into the mining industry and to implement a programme that will assist emerging miners to understand their legal obligations and to conduct their mining activities in a socially responsible manner while complying with the environmental obligations required from all mining companies.



The Emerging Miners' Desk recruits new entrants in the mining industry and also runs a flagship mentorship programme.

Transformation continued

The Emerging Miners' Desk has made significant progress since it was launched. Approximately 20 new emerging miners have joined and the Chamber is running a special programme dedicated to these members. In 2015, the Chamber held two successful breakfast workshops. One dealt with environmental legislation, specifically addressing obstacles faced by emerging miners when applying for environmental authorisations, and the other focused on the financing challenges faced by emerging miners. Relevant government departments and private institutions participated in finding possible solutions to assist emerging miners. The Emerging Miners' Desk also runs a flagship mentorship programme for emerging miners. In this programme, the Chamber matches, on a *pro bono* basis, retired executives with emerging miners. Emerging miners' continued meaningful participation in this programme will help determine the content of the coaching programme. The Chamber is very grateful to its pool of retired executives who have committed to ploughing back their skills and experience for the benefit of future leaders in the mining industry.



emerging miners
joined the Chamber



Gold Fields' South Deep mine



FOCUS AREAS IN 2015 continued



Skills development

The Chamber of Mines is involved in all levels of skills development from adult education and training, to skills training for operators, miners, artisans, technicians professionals and managers. This encompasses theoretical training in technical and vocational education and training (TVET) colleges, universities of technology and universities, skills training in accredited training centres and workplace-based experience. A national shortage of skills places more pressure on the availability of skilled mining industry personnel.

Training and development are critical to the sustainability of mining in the country. South African mining companies invest in employee training and development in many forms, that include learnerships, bursaries, apprenticeships, internships and adult education.

The industry also supports training and skills development in the communities where operations are located, helping to make socio-economic growth possible beyond the life of mines.

ADVOCACY AND LOBBYING

The Skills Development unit represents the interests of the mining industry and business on matters affecting education and skills development in the national arena. Chamber officials are represented on statutory bodies such as the National Skills Authority (NSA), the Quality Council for Trades and Occupation, Umalusi and the Human Resources Development Council.

Chamber officials are also members of several ministerial task teams established by the Minister of Higher Education and Training, ranging from foundational learning, further education and training colleges and their course offerings to artisan training and review of the skills systems.

The Chamber is the convener for employers and is active at all levels of the MQA. By lobbying, the Chamber is able to influence many of the decisions made by and the direction of the MQA. Chamber officials are active members at BUSA in areas affecting skills development and play a leading role in business mandates on skills development.

MINING QUALIFICATIONS AUTHORITY

The Chamber plays an important role in the tripartite MQA together with organised labour and government. The MQA is the Sector Education and Training Authority (SETA) for the mining industry and supports skills development in the sector and is the body responsible for disbursing the skills development levy.

SETAs are established by the Minister of Higher Education and Training for five-year periods. The third five-year period which began 2011 ends in March 2016. SETAs will continue to be established for another two years until March 2018, during which period a new SETA landscape will be considered.

Budget

The revenue received by the MQA in terms of the skills development levy for the 2015/16 financial year was R967.7 million. The discretionary grant budget for the 2015/16 financial year was R857.3 million.

The disbursement of the MQA's discretionary grants has been problematic in the past, largely owing to a dysfunctional management information system (MIS), poor administration and an



The industry also supports training and skills development in the communities where operations are located, helping to make socio-economic growth possible beyond the life of mines.



skills development levy
allocated to MQA

Skills development continued

arduous learner verification process. This frequently results in unspent grant funds at the end of each financial year, despite efforts by employers to assist with disbursements.

National bodies

Through BUSA, the Chamber is represented on the Quality Council for Trades and Occupations (QCTO) and NSA. The QCTO is responsible for the quality assurance of trades and occupations in the post-school education and training system. The Chamber has played a leading role in the establishment phase of the QCTO and continues that role in the implementation phase.

The NSA advises the Minister of Higher Education and Training (DHET) on policy issues relating to skills development. The focus of the NSA during this year was the court case initiated by BUSA on the SETA Grant Regulations, the performance of the SETAs and the proposed new SETA landscape. The Chamber's role has influenced the need for proper consultation within the NSA.

GOVERNMENT CERTIFICATE OF COMPETENCY

The pass rate for the Government Certificate of Competency (GCC) has been perceived to be low for a number of years. During the year, the MQA conducted an investigation into the low pass rates as this could lead to a scarcity of appropriately certificated engineers. A task team of representatives from government, labour and employers is working to develop plans to improve the pass rates for the GCC.

Highest grant allocations for 2015	Rm
Bursaries	132.5
Work experience	189.3
Artisan development	94.5
Non-artisan development	225.7
Mine community development	50.0

IMAGE

Employees receiving training at Northam Platinum's Booyendal mine. Adult education and training is available to all employees



FOCUS AREAS IN 2015 continued

REVERTING TO THE BLASTING CERTIFICATE

In 2013, the MQA agreed to revert to the Blasting Certificate, to replace the Rockbreaking Qualification. This decision was made subject to certain “modalities” such as a syllabus and examiner’s guide being developed.

The DMR issued an instruction that the Blasting Certificate would be implemented in July 2015 and that learners should no longer be admitted to the Rockbreaking Qualification. In spite of the implementation date being set, the “modalities” were not finalised and the instruction was unable to be implemented.

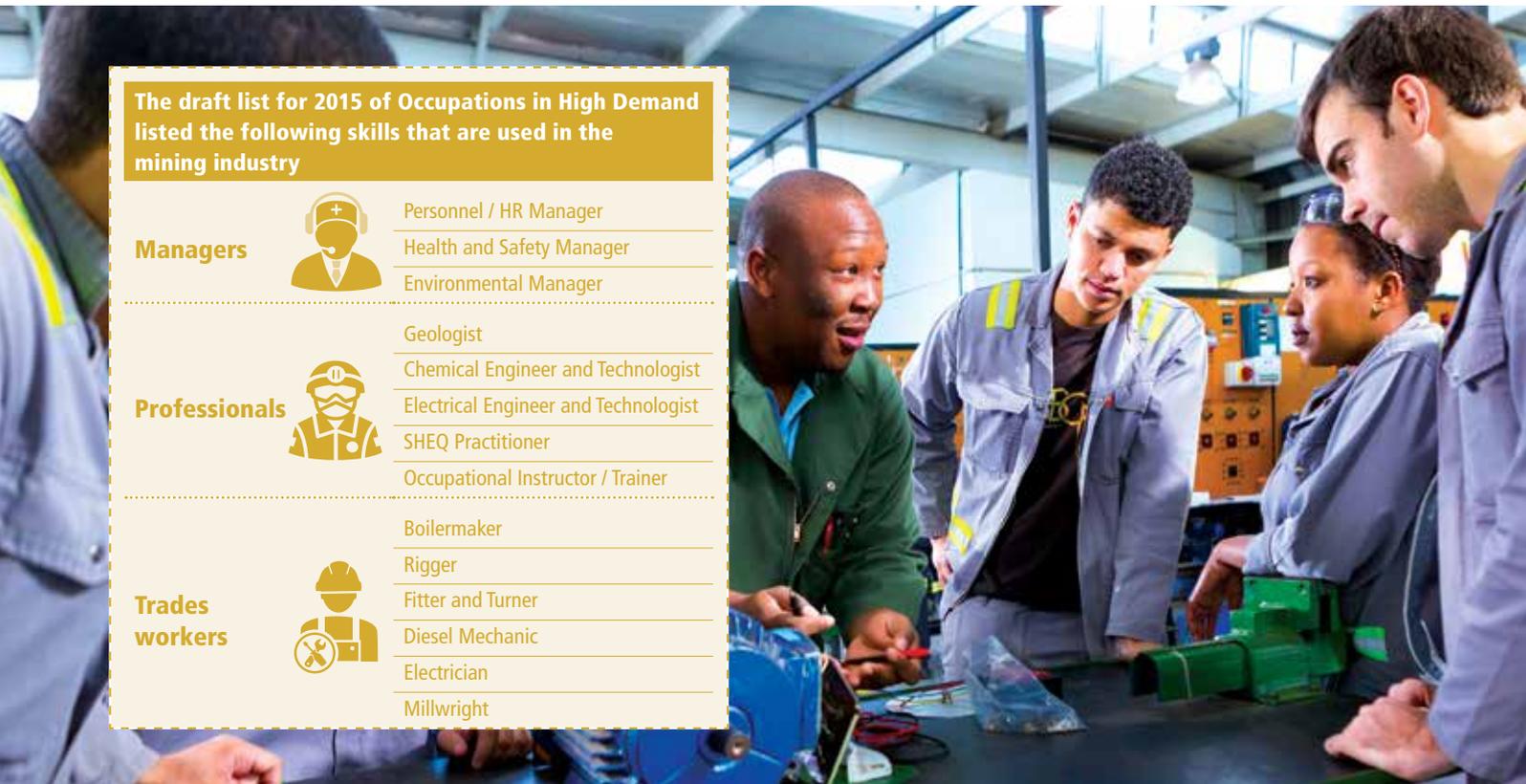
The DMR indicated that the process had taken longer than expected and that the Blasting Certificate would be implemented in April 2016. Issues that still need to be resolved are the status of the NQF Level 4 Rockbreaking Qualification and the skills programmes related to the suite of Rockbreaking qualifications. Two skills programmes (or short courses related to the Rockbreaking qualification, generally known as Competent Person A and Competent Person B), are required by regulation in order to perform certain work underground.

SCARCE SKILLS

The DHET publishes a list of “Occupations in High Demand”. Occupations in high demand refer to those occupations that show relatively strong employment growth or are in demand in the labour market. The primary purpose of the list is to support skills planning in the post school education and training system as well as to inform the development of skill-related immigration policies managed by the Department of Home Affairs.



Employees receiving training at Anglo American Platinum’s Engineering Skills Training Centre



The draft list for 2015 of Occupations in High Demand listed the following skills that are used in the mining industry

Managers		Personnel / HR Manager
		Health and Safety Manager
		Environmental Manager
Professionals		Geologist
		Chemical Engineer and Technologist
		Electrical Engineer and Technologist
		SHEQ Practitioner
		Occupational Instructor / Trainer
Trades workers		Boilermaker
		Rigger
		Fitter and Turner
		Diesel Mechanic
		Electrician
		Millwright

Skills development continued

This list does not necessarily indicate that the occupations in high demand present a scarcity of these skills in the mining industry, but that there is a national scarcity which may impact the mining industry.

TRAINING OF ARTISANS

Artisans are a mainstay of the mining industry. On average 2,000 artisans qualify in the mining industry each year. The Chamber plays an active role in areas where the training of artisans is a focus. The National Artisan Moderating Body (NAMB) is responsible for the quality of artisans trained, and has drafted transitional arrangements for trade testing of artisans, drafting regulations on a national register for artisans, a report on the *Recognition of Prior Learning for Artisans* project, a policy for generic grants for artisan learners, a national administration system and an improvement strategy to improve the trade test pass rate. The Chamber has contributed to this work and uses its membership within the Artisan Development Monitoring and Evaluation Team established by the NAMB to influence policy relating to artisan development.

SETA GRANT REGULATIONS

In 2013, BUSA went to the courts to challenge the SETA Grant Regulations, i.e the regulations which determine how the SETA grants are to be spent. The mandatory grant, which had amounted to 50% of the skills development levy paid to employers, was reduced to 20% and was the main change brought about by these regulations.

In August 2015, the Labour Court ruled in favour of BUSA and set aside certain aspects of the regulations, specifically the reduction of the mandatory grant from 50% to 20%. The Court found that the Minister of Higher Education and Training had failed to consult the NSA as required; that the Minister had acted irrationally by reducing the mandatory grant; and that the Minister did not have the power to move unspent SETA funds to the National Skills Fund. The Minister has appealed the Court's ruling and a decision is awaited.

Proposed SETA landscape

SETAs are established for five-year periods. The current establishment term ends in March 2016. A Government Gazette on a new SETA landscape and National Skills Development Strategy IV was published in November 2015 and proposed a number of amendments to the SETAs, including:

- SETAs are to become Sector Education and Training Advisory Boards (SETABs) and be established as specialised delivery units of the DHET. They will have their own specific identity. The advisory boards will not have executive functions;
- SETABs will be permanent structures;
- SETABs will be overseen by the DHET. The NSA will monitor and evaluate the SETABs;
- at least one senior government official will be represented on each SETAB and will have a veto right;
- core functions of SETAs will be centralised;
- the amount allocated to the National Skills Fund will increase from 20% to 60%. The SETA discretionary grant will be reduced to 10% from 50% of the skills development levy; and
- a focus will be placed on public institutions for receiving funds.

The Chamber's response will be through the BUSA process. A two-year period has been allowed for consultations on the proposed SETA landscape.



artisans
qualify in the mining industry
each year

FOCUS AREAS IN 2015 continued

LEARNING MATERIALS

The Chamber continues to coordinate the learning material development project that is funded by the MQA. During this reporting period, learning material was developed for unit standards related to qualifications. At the end of this reporting period, a total of 1,750 units standard learning material had been submitted for the MQA's use.

The learning material development project puts most of its resources into developing individual knowledge subjects and practical modules for the new occupational qualifications that are being developed through the QCTO. Many of the knowledge subjects are very detailed and provide the training providers with a minimum scope of the knowledge requirements for each module. The practical modules developed are fairly generic and in many instances, companies would still need to add their specific site requirements to the practical tasks. To date, materials have been developed for strata control, ventilation, sampling and surveying, electrical, boilermaker activities and mines rescue work.

Chamber of Mines' Certificates

At the beginning of 2012, the Chamber successfully took over the administration of the Chamber of Mines' examinations, previously hosted at UNISA. The number of candidates sitting for these examinations has remained constant.



A total of 1,750 units of standard learning material had been submitted for the MQA's use at the end of December 2015.



Stable employee relations are vital to the sustainability of the mining industry



Skills development continued

Number of candidates who successfully completed the Chamber of Mines' examinations:

Name of Certificate	As at July 2010	As at July 2011	As at July 2012	As at July 2013	As at Dec 2014	As at Dec 2015
Certificate in Advanced Mine Surveying	29	57	70	58	91	63
Certificate in Advanced Mine Valuation	41	88	102	66	75	54
Certificate in Advanced Rock Engineering	3	1	11	3	4	7
Certificate in Basic Mine Sampling	272	125	141	63	164	123
Certificate in Basic Mine Surveying	163	134	130	142	156	143
Certificate in Elementary Mine Sampling	126	100	90	73	64	87
Certificate in Elementary Mine Surveying	150	114	130	88	141	70
Certificate in Mine Environmental Control	16	71	19	8	29	12
Certificate in Radiation Protection Monitoring Screening	260	70	125	109	181	102
Certificate in Rock Mechanics	11	10	27	25	25	14
Certificate in Strata Control	55	49	79	64	96	71
Intermediate Certificate in Mine Environmental Control	87	18	32	48	51	58
Certificate in Mine Survey Draughting	26	31	22	40	30	13
Practical Certificate in Mine / Environmental Control	3					
Total	1,242	868	978	787	1,107	817

The Chamber is continuing to facilitate the handover of these examinations to the MQA or the various tertiary institutions where applicable. The target for the complete handover of these examinations is 2018.



received

Advanced Mine Surveying Certificates



successfully completed

Chamber examinations

FOCUS AREAS IN 2015 continued



Modernisation

The South African mining sector has for more than 100 years been considered a labour-intensive industry, with a mining method characterised by physically demanding manual drilling methods, and operations punctuated by blasting and cleaning, on a stop-start basis. This drilling and blasting method is used in narrow reef, hard-rock mining for gold, platinum and chrome.

Working conditions are generally considered to be harsh, with abrasive rock, steep gradients and seismicity. And with increasing depth, the virgin rock temperature continues to rise. On the Witwatersrand, the virgin rock temperature at depths of 2,000 metres below collar can be approximately 40°C. On the Bushveld Complex, these temperatures are even higher, reaching 72°C.

Most mines on the Free State goldfields, the Witwatersrand and the Bushveld Complex are now ageing, resulting in travel times to actual places of work sometimes reaching an hour or more. Consequently, with increasing depth and distance from the shaft, actual drill time at the workface has contracted, thereby accounting for shrinking production and contributing to burgeoning costs, and in certain cases, posing additional threats to health and safety standards.

With gold and platinum mining companies struggling for a number of years now in a low commodity-price environment that has been exacerbated by rising costs, a shift towards modernisation or next-generation mining is non-negotiable.

Such a move will help to address safety and health challenges, thereby facilitating the quest for zero harm and eliminating fatalities. Ultimately, without a shift in our approach to mining methodology, we will fail to mine South Africa's deep-level complex ore bodies profitably, which could see huge job losses. Recent research has suggested 200,000 job losses by 2030, which could affect two million people indirectly.

RESEARCH AND DEVELOPMENT NEEDS

Modernisation will be driven by technological innovation or mechanisation. To be successful, however, it needs to be addressed in a holistic manner adopting a systems approach. All elements of mining – including reporting structures, skills development, change management, stakeholder engagement, community development and environmental management – need to be modernised.

HOW FAR HAVE WE COME?

A number of products are being tested by private companies. The need is to develop an integrated suite of locally manufactured products with real-time monitoring and control. The industry has set itself a milestone for the implementation of a cyclical drill and blast suite of equipment that mechanises all activities in the stoping and development cycle, including remotely operated equipment.

The three top performing platinum mines in the 2015 MineSAFE Awards are mechanised mines. The first prize was won by a mechanised gold mine. All four of the top four safe collieries are mechanised. The winning colliery's last recorded injury was in August 2013. The diamond mines had similar safety performances.



A shift towards modernisation will help address safety and health challenges, thereby facilitating the quest for zero harm.

Modernisation continued

	PGMs	Gold
 <p>Mechanised mining system</p>	<p>The private sector has developed and is testing items of equipment. Research is required to integrate these into a working system and to provide real-time monitoring and control. Thereafter, technology transfer is imperative.</p>	<p>The private sector has developed and is testing items of equipment. However, a number of components (such as rock handling and support) still need to be researched and developed. Certain learnings can be taken from PGMs.</p>
Application	<p>Allows safer, healthier and more productive mining of current reefs, which otherwise become economically sterilised.</p>	<p>Allows safer, healthier and more productive mining of current reefs, which otherwise become economically sterilised.</p>

	PGMs	Gold
 <p>24/7 mechanised mining system</p>	<p>Continuous mining machines that cost effectively cut the ore with reduced dilution are yet to be developed. This is because the rock is extremely hard and the geology is complex. This requires globally leading R&D.</p>	<p>Continuous mining machines that cost-effectively cut the ore with reduced dilution are yet to be developed. This is because the rock is hard, even harder than PGM-bearing rock, and rock stress is very high, given depths of more than 4km. This requires globally leading R&D.</p>
Application	<p>Allows the PGM industry to mine extensive, deeper orebodies, in order to be more productive therefore helping to sustain the industry.</p>	<p>Allows exploitation of lower- grade reefs as well as deep high-grade reefs and high-grade pillar recovery.</p>



Underground workings at Northam's Booyendal mine – a modern, mechanised mine in the PGM sector



FOCUS AREAS IN 2015 continued

Work done to date has indicated that the conversion to mechanisation significantly extends mine life; preserves mining employment; improves safety and health; and allows the mining of lower-grade orebodies and deeper resources. Mechanisation also creates an environment conducive to 24/7 operations until 2045 and beyond in the gold sector, higher skills utilisation and job preservation.

In the PGM sector, at current prices and cost forecasts, conventional mining ceases to be economically viable after 2024. With mechanised mining equipment, most mines' lives will be extended to 2035, while 24/7 operations extend mine life to beyond 2040.

Beyond that, deeper resources and greenfields targets will be added, relying on 24/7 methods.

THE CHAMBER'S CONTRIBUTION TO MODERNISATION IN 2015

Research conducted for the Chamber of Mines indicates that modernisation will extend the lives of mines and could hence save around 200,000 jobs, affecting two million dependants, by 2030.

A new senior executive position has been created to champion this cross-cutting objective throughout the organisation. In addition, an Innovation team consisting of senior company representatives has been established to steer the Chamber's innovation efforts.

In preparation for Mining Phakisa, the Chamber conducted extensive research into mine modernisation and developed a strategic framework to indicate how the mining sector could achieve its objectives while at the same time contributing to the NDP objectives of higher growth, employment, exports and government revenue. The three key enablers of modernisation have been identified as:

• Research and development

Massive investment is required, with an initial focus on narrow-reef, hard-rock mining equipment and systems. Incentives should be provided for companies to invest in R&D and a world-class, collaborative R&D hub should be created.

• Mining manufacturing

The development of a mining capital goods development programme to facilitate the immediate manufacture of R&D equipment; industrialisation using local labour and a reduced cost of ownership for mines and optimal mining production.

• Sustainability issues

A transition road map for modernisation will include sustainability impact assessments of future mining scenarios and accelerated skills development of employees in local communities.

The Chamber has identified the products, technologies, people and infrastructure required to mechanise the stoping and development cycle with remotely operated equipment by 2020. Similar requirements have been developed for a 24/7 mechanised mining system that operates without explosives by 2025.

During the Mining Phakisa, detailed plans were developed to accelerate progress on all the building blocks for modernising mining through a partnership between the public and private sector. The Chamber will participate actively in the implementation of these plans. Mining companies have spent over R500 million annually over the last couple of years on innovation and the Chamber has advocated that substantive investments be made by government to accelerate these efforts.

CONCLUSION

It is the Chamber's view that the positive outcomes of modernisation will outweigh the challenges that will inevitably be encountered along the way. However, South Africa can ill-afford to delay these efforts if its mining sector is to remain globally competitive and achieve zero harm. The Chamber will continue to collaborate with all stakeholders to accelerate this journey.

Chief executives of the Chamber have agreed the following strategic objective for the Chamber:

To promote innovation and R&D for the mining sector by facilitating collaborative efforts on innovation that will contribute to achieving zero harm and sustainable, viable and socially acceptable mining in the future.



Stakeholder relations and communications

The Chamber is a mining industry employers' organisation that supports and promotes the South African mining industry. The Chamber serves its members and promotes their interests by providing strategic support and advisory input, while serving as an advocacy and lobbying agency.

A key role of the organisation is to facilitate interaction among mining employers to examine policy issues and other matters of mutual concern and to crystallise and define desirable industry standpoints. A variety of initiatives are in place to promote collaboration among members. Consultation and collaboration are voluntary and never encroach on the autonomy of members.

The Chamber also acts as a principal advocate for mining in South Africa to government, communicating major policies endorsed by its members. A further vital function of the organisation is to represent certain sectors in collective bargaining with organised labour.

The Chamber's Stakeholder and Communications department seeks to engage and inform all mining industry stakeholders through multi-channel communications and networking systems.

RELEVANCE OF THE CHAMBER OF MINES

The Chamber has a long-standing history in the mining industry and continues, to this day, to carry out the mandates of its members. Its members, who represent 90% of the minerals produced in South Africa, fund, direct and lead the Chamber and ultimately decide its relevance.

The Chamber has been mandated by its members to create, in partnership with key stakeholders, a conducive policy, legislative and operating environment that facilitates real mining investment in the mining industry. The Chamber's members are of the view that an enabling environment will assist in growing South Africa's economy and achieving the development and transformation vision outlined in the NDP.

Now, more than ever, key stakeholders need to engage actively to address the challenges faced by the mining industry and our country. Our members choose to do this through the Chamber.



A key role of the organisation is to facilitate interaction among mining employers to examine policy issues and other matters of mutual concern.

IMAGE

Employees discuss efficiencies in the control room of Anglo American Platinum's Polokwane Smelter



FOCUS AREAS IN 2015 continued

IDENTIFYING STAKEHOLDERS AND RESPONDING TO EXPECTATIONS

The Chamber of Mines defines stakeholders as those individuals, groups and entities directly and indirectly affected by our activities and aims to develop and enhance relationships with these key stakeholders in order to create and sustain an enabling environment in which to do business. Furthermore, the Chamber aims to respond to stakeholder issues with the purpose of ensuring a stable, competitive and predictable policy and regulatory environment.

Stakeholder group	What stakeholders expect from the Chamber	Chamber response
Government	<ul style="list-style-type: none"> • Support and contribute to economic growth (NDP) • Positive progress in managing legacy issues and implementing corrective measures • Enhanced contribution to transformation • Compliance with legislation • Compliance with the Mining Charter 	<ul style="list-style-type: none"> • Share successes on improved environmental management, R&D, current contribution to the economy • Take leadership position on 'next generation mining'/modernisation • Share plans and progress on modernisation programmes • Proactive appearances in the respective PPCs to demonstrate progress on transformation, safety, health and environmental management • Build trust through informal and proactive engagement with key stakeholders
Political parties	<ul style="list-style-type: none"> • Enhance socio-economic well-being of society by creating opportunities • Conduct operations in a safe and environmentally friendly manner 	<ul style="list-style-type: none"> • Robust engagement on current and future industry performance • Build consistent messaging of modern mining • Manage expectations – share future plans e.g. 'next generation mining'
Member companies/ Investors	<ul style="list-style-type: none"> • Lobby government for policy certainty and conducive operating environment • Advise on socio-political issues and trends 	<ul style="list-style-type: none"> • Involve Chamber Council in lobbying efforts • Provide timeous response and advise on issues
Organised labour	<ul style="list-style-type: none"> • Demand higher wages • Create and sustain decent jobs • Deliver on SLPs 	<ul style="list-style-type: none"> • Chamber participation in job losses task team • Consistent messaging on broader opportunities enabled by mining industry (upstream) • Clear messages on need for improved productivity
Business	<ul style="list-style-type: none"> • Lobby government and other key stakeholders on common issues 	<ul style="list-style-type: none"> • Lead and active participation in NEDLAC and BUSA processes
Host communities and labour-sending areas	<ul style="list-style-type: none"> • Compensation for injuries and deaths/legacy issues • Progress with the implementation of socio-economic programmes/SLPs • Creation of job and business opportunities and community development 	<ul style="list-style-type: none"> • Facilitate stakeholder participation to fast-track implementation of programmes addressing legacy issues • Provide information and updates on industry performance • Assist members with community engagements
Media, NGOs, opinion leaders	<ul style="list-style-type: none"> • Compliance with transparency initiative • Environmental management • Improvement of human settlements around the mines • Economic, social and environmental reporting • Compliance with transformation initiatives (including compliance with SLP implementation) 	<ul style="list-style-type: none"> • Promote co-existence of activities • Provide information and share best practices on environmental management • Share Chamber member successes on transformation issues including SLPs

Stakeholder relations and communications continued

THE CHAMBER OF MINES AT WORK

The Chamber continuously looks for ways to advance the position of and improve the South African mining industry and participates in various initiatives and projects in areas relating to health, safety, environment, technological advancements, education, policy and regulation.

Some initiatives in which the Chamber participated during the year include:

Addressing job losses

The Chamber is working with key stakeholders to mitigate the impact of job losses and promote the growth of the industry through the MIGDETT. Issues on the agenda include:

- enhancing productivity;
- managing cost pressures;
- accelerating rehabilitation activities;
- examining alternatives to job losses; and
- support for mineworkers if they are retrenched.

Mining Phakisa

The Chamber is collaborating in the Mining Phakisa, an initiative of the Presidency through which industry stakeholders will consider the challenges faced in the sector and formulate plans to exploit the potential of the sector in the longer term.

Aimed at bringing together all key stakeholders to devise an action plan for growth and transformation which encourages investment, the process has seen constructive and positive collaboration between government, industry, unions and others. The Chamber is optimistic about the interactions and discussions taking place.



IMAGE

Harmony's Phakisa gold mine in the Free State is currently ramping up production



FOCUS AREAS IN 2015 continued

MIASA

Post year end, the Chamber partnered with Mining Indaba to host the African Ministerial Symposium in February 2016.

The symposium was attended by African ministers and representatives from the Mining Industry Association of Southern Africa (MIASA), an association of the chambers of mines in the Southern African Development Community (SADC) region. It represents the chambers from Botswana, the Democratic Republic of the Congo, Madagascar, Namibia, South Africa, Tanzania, Zambia and Zimbabwe. The overall focus of the symposium was to find ways to promote Africa as a preferred investment destination.

Across the SADC region, the mining industry is under significant economic and financial pressure. It is essential that African governments and the private sector work together to mitigate the negative impacts of the economic downturn.

One of the major concerns discussed at the symposium was the large number of job losses in the region as a result of depressed commodity prices. In the SADC region alone, around 70,000 direct jobs have been lost in the mining industry. This number does not take into account the indirect downstream job losses which would follow on mining job cuts. Considering that each employee supports up to 10 dependants, around five million people are likely to be affected. A further 50,000 employees in the SADC region are at risk of losing their jobs in the near future if the challenges facing the industry are not addressed.

Furthermore, current investment levels in the mining sector have been subdued for a number of years, mainly as a result of low levels of investor confidence.

Investors prefer certainty and stability, particularly around legislation, and consistent returns. The industry requires policy stability and regulatory certainty to ensure that Africa, and the SADC region in particular, is an attractive investment destination, not only to ensure returns for investors but also to ensure the sustainability of jobs for employees, communities and other affected stakeholders.

MINING INDABA

Representatives from the Chamber attend the Mining Indaba in Cape Town to engage with all stakeholders, including government, media and the investment community on the current state of the mining industry.

Key discussion points were:

- Where mining is today;
- What mining needs;
- Where mining is going; and
- How mining cares.

Engagement took the form of media briefings, round table discussions, interviews and informal discussions.

Visible presence at the Mining Indaba

Most recently, the Chamber had a visible presence in two areas within the Mining Indaba exhibition area.

Powered by Platinum business matchmaking lounge

Co-sponsored by Mining Indaba, the Chamber of Mines and member companies (Anglo American Platinum, Implats, Lonmin, Northam Platinum, Aquarius Platinum SA, ARM Platinum, Royal Bafokeng Platinum and Ivanplats), the Powered by Platinum business match-making lounge provided a meeting space where industry representatives could meet with key stakeholders.

Stakeholder relations and communications continued

Chamber of Mines booth

The Chamber made use of booth space to showcase the following three key messages:

- Mining matters – for our country;
- Sustaining and growing the South African economy; and
- Supporting emerging miners.

QUARTERLY NEWSLETTER

During the year, the Chamber launched a newsletter, the Quarterly Update, to communicate on the initiatives and activities in which the Chamber participates to its members.

 <http://www.chamberofmines.org.za/industry-news/publications/newsletters>

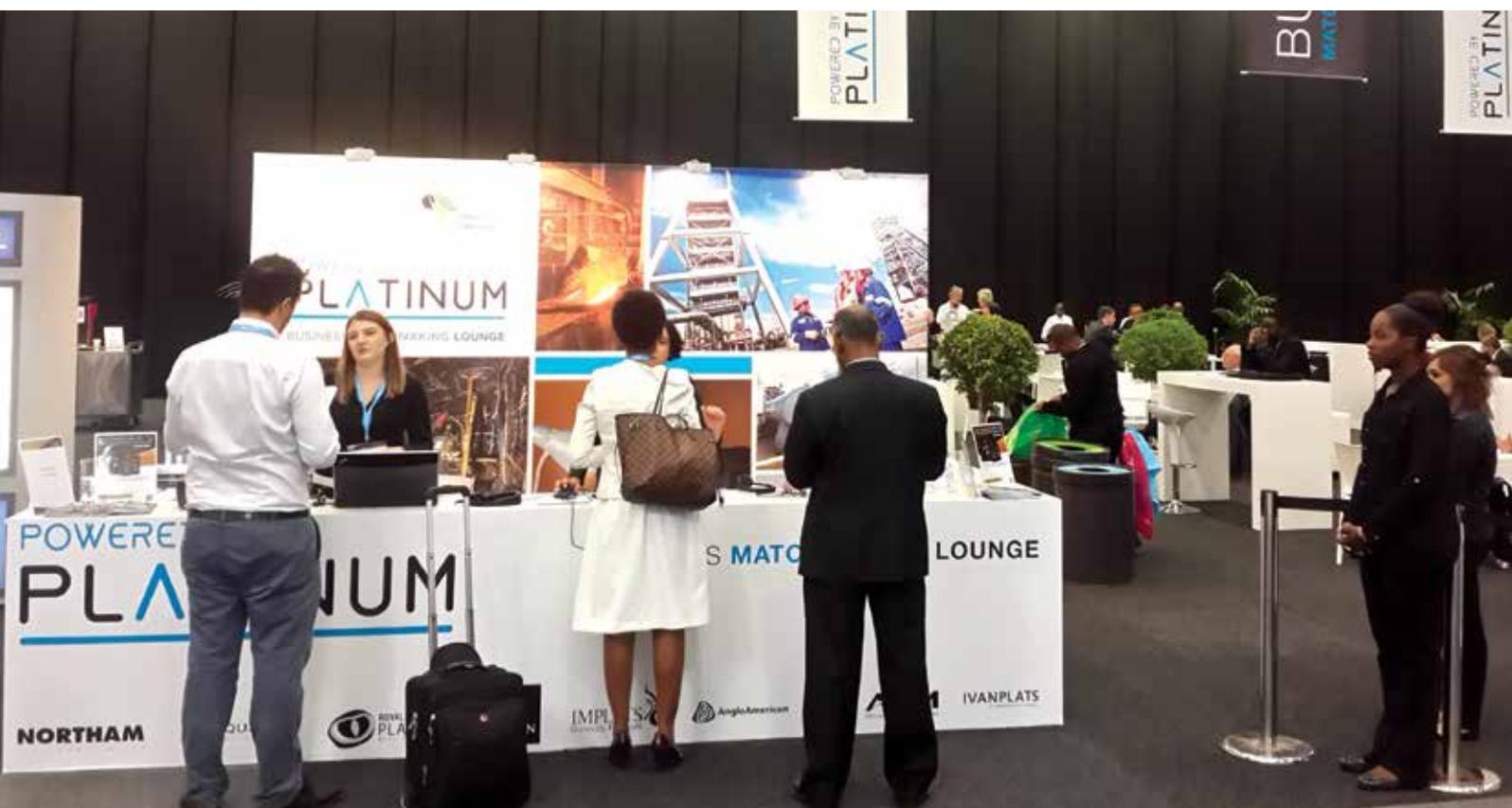
The first edition of the online newsletter was published on the Chamber's website in September 2015. The newsletter is publicly available on the Chamber website.

WEBSITE

The Chamber launched its new website in November 2015 as a further means of improving communication with stakeholders. The user-friendly, responsive site was designed to allow a wide range of users to have easy access to information, especially those with which the Chamber is unable to engage face-to-face.

 www.chamberofmines.org.za

 **IMAGE**
The Powered by Platinum business matchmaking lounge at the 2016 Mining Indaba, Cape Town



FOCUS AREAS IN 2015 continued



Environment

INTRODUCTION

The Environment Department acts as the primary representative of the mining sector in environmental policy initiatives, leading discussions and development of position papers for policy formulation and implementation in the field of mining, general environmental management, water-related issues, waste management, air quality and sustainable development. The department provides advisory services, reviews of policy and legislative frameworks, guidance and strategic leadership in the areas of mine closures, environmental management policy issues, and sustainable development.

KEY DEVELOPMENTS IN THE PERIOD UNDER REVIEW

The transition towards one environmental system (OES) in the mining industry

The period under review saw the start of the transaction of the OES, with the implementation of NEMA and its regulations for mining and related activities. Good progress was made in this area, although the lack of capacity in administering applications for authorisations under NEMA was encountered. The matter was negatively affected by policy incoherence that some of the NEMA regulations present i.e in the NEM Financial Provision and Environmental Impact Assessment (EIA) regulations. The Chamber has initiated high-level engagements with government in order to appeal for policy clarity with respect to these regulations.

Classification of Mine Residue Deposits and Stockpile (MRDS) as hazardous waste

This matter dominated during the period under review – in particular the challenges associated with classifying MRDS as hazardous waste in terms of the National Environmental Management: Waste Amendment Act (NEMWAA), 2014.

With the classification of MRDS as hazardous waste, the DWS has imposed further stringent compliance requirements, particularly lining requirements, with regard to preventing pollution from tailings storage facilities. This development threatens the industry's future sustainability.

National Water Resource Strategy 2 (NWRS2)

The Chamber, BUSA and the DWS continued to work towards implementation of NWRS2, leading to the finalisation of key sectoral implementation plans such as that for the mining industry. In this regard, the Chamber has been collaborating with the DWS in implementing water conservation and water demand management (WCWDM) as a key element of the NWRS2.

National Climate Change Response Policy

Development of the carbon tax policy gained momentum. The carbon tax policy is due to be implemented in 2017 after further time was made available for engagement with interested and affected parties. The government appointed the DTC to assess the implications of the introduction of a carbon tax on the South African economy. Public consultations were conducted in May 2015. Given that a carbon tax is one measure in the climate change response policy context, the DEA continued to refine other related policy measures such as the setting of company carbon budgets, desired emissions reduction outcomes (DEROs), the declaration of greenhouse gases as priority pollutants, and the development of national pollution prevention plans draft regulations, *inter alia*.

Environment continued

The Chamber participated in COP21

Also known as the 2015 Paris Climate Conference, COP21 led to the adoption of the Paris Agreement which is a legally binding and universal agreement on climate that aims to limit increases in global warming to less than 2°C.

Sustainable water resource management

The Chamber played an active role in ensuring sustainable water resources management in a partnership with the DWS, and ensuring optimal implementation of various water policies such as the NWA. These initiatives include the development of water conservation and demand management targets for the industry and continued engagement in support of biodiversity conservation, management and performance in the mining industry.

Minamata Convention on Mercury

The Chamber has closely followed developments at the Minamata Convention on Mercury in order to determine the implications of the convention with respect to the gold mining industry in South Africa. This is being closely monitored due to the incorrect baseline data of mercury content in gold ores that was previously reported to the United Nations (UN). Nevertheless, the Chamber has been engaging the DEA to undertake a more scientific study in order to ascertain accurate mercury levels in South Africa. The DEA has since appointed a service provider to undertake the study to rectify the incorrect data submitted to the UN.

During the year under review

The Chamber's environmental department participated in most initiatives that dealt with environmental issues of concern to the mining industry, (chemicals management, biodiversity management, air quality management, water resources management, waste management, etc), and provided expert and specialist input to many legislative and policy initiatives undertaken during 2014/15. The main vehicle for such interaction is the Chamber of Mines Environmental Policy Committee which is the single most senior environmental management grouping in the mining industry in South Africa.

IMAGE

Waste water from Rustenburg municipality is treated for use by mines and reduces the intake of potable water



FOCUS AREAS IN 2015 continued

POLICY, LEGISLATION DEVELOPMENT

The Chamber and the mining industry provide specialist input on environmental matters through its participation on task teams; government project steering committees; BUSA; NEDLAC; bilateral discussions with the respective government departments; the National Business Initiative (NBI); in public hearings of portfolio committees on environmental programmes; non-governmental organisations, academic organisations and in legislative proposals in Parliament.

National Environmental Management (NEM) Laws Amendment Act, 2014

The Bill was approved by Parliament in late 2014 in spite of copious submissions by industry to exclude the classification of MRDS as hazardous waste under the National Environmental Management: Waste Act, 2014 (NEM: Waste Act).

Subsequently, the Chamber and other affected sectors under the auspices of BUSA, engaged the DEA to grant the industry a reprieve from complying with the NEM: Waste Act and in parallel, initiating an amendment to this Act through an amendment process. Engagements were held at various levels; some of the measures proposed included the development of regulations to cushion the impact of the Act on the industry. Negotiations continued without finality being reached, and industry was compelled to comply with the legislation. The financial impact of this development on current and planned mining projects is severe and the Chamber remains central to the on-going negotiations between industry, the DEA and the DWS to seek an alternative win-win solution.

Implementation of NEMA

In pursuit of the implementation of OES, NEMA: EIA and National Appeals Financial Provision Regulations were published in late 2014 by the Minister of Environmental Affairs for comment. These regulations are intended to give effect to the OES agreement (with respect to mining) between the Ministers responsible for mineral resources, water and environmental affairs respectively. The agreement stipulates that:

- all mining environmental and related aspects would be regulated through NEMA and that all environmental provisions would be repealed from the MPRDA, 2002;
- the Minister for environmental affairs sets the regulatory framework and norms and standards; and
- the Minister for mineral resources will implement the provisions of the Act and the subordinate legislation for prospecting, exploration, mining or operations.

With the exception of Financial Provision Regulations, the other regulations were finalised and promulgated in December 2014. The Chamber submitted comments to the DEA on the draft Financial Provision regulations and during the consultation process. The Chamber remains concerned regarding the final version of these regulations and the inclusion of double provisioning/duplicate funding, onerous auditing requirements and limitation in the use of trusts funds.

Implementation of National Environmental Management: Waste Act

Subsequent to the approval of NEMWAA in 2014 and the coming into effect of the NEM: Waste Act, industry engaged the DEA on the implications of regulating MRDS as waste. All parties accepted that a legislative amendment to resolve industry/business issues would be a protracted process; all parties concerned would focus on finding short-term interventions to address the shortcomings of the Act. This resulted in:

- proposed regulations to exclude a waste stream or a portion of a waste stream from the definition of waste;



The Minister of Environmental Affairs promulgated Financial Provision Regulations in 2015. These are intended to give effect to the one environmental system agreement.

Environment continued



- proposed regulations regarding the planning and management of residue stockpiles and residue deposits from a prospecting, mining, exploration or production operation; and
- engagement between the Chamber and the DEA to enable the exclusion for MRDS from NEM: Waste Act.



Dust containment measures on DRDGOLD's Nasrec tailings deposition facility, south-west of Johannesburg's central business district

National Water Act

The National Water Amendment Act 27 of 2014 (NWAA) became effective from 2 September 2014. Among other policy developments, the Chamber participated in the following:

- *The Minister of Water and Sanitation published for comment regulations regarding the procedural requirements for licence applications in terms of section 36(1)(k) of the Act.* The mining industry remained concerned that these regulations failed to recognise the OES, given the additional layer of authorisation in the water use licence. Also, officials appear to be given too much subjective leeway in establishing the supporting information requirements.
- *Establishment of catchment management agencies for the management of water resources.* The government originally intended to establish 19 catchment management agencies for 19 catchment-based water management areas in order to facilitate the management of water resources. This number has since reduced to nine agencies owing to various challenges including the technical capacity required to staff them.
- *Owing to the misinterpretation of the current General Authorisation (GA) 1199 of Section 21 (c)(i), water use and the time consuming process of issuing water use licences,* DWS proposed an amendment process which comprises the application of a risk assessment matrix to determine the risks associated with each respective water use, along with an emergency protocol for emergency repairs and maintenance work on existing lawful use as part of the proposed amendment.

FOCUS AREAS IN 2015 continued

Implementation of the NWRS2

During the period under review, the Chamber, BUSA and the DWS, continued to engage extensively on the development of what is now termed “NWRS-2 Business and Mining Implementation Plan”. The NWRS-2 Business and Mining Implementation Plan is now approved and being implemented. This implementation plan now includes roles and responsibilities for the Chamber and the mining operations, respectively, that would have been otherwise documented incorrectly in the strategy.

Classification of Significant Water Resources

The classification of South Africa’s water resources is required by the NWA. The year under review saw the completion of the Crocodile (West), Marico, Mokolo and Matlabas, and Upper Vaal in terms of the Water Resource Classification System (WRCS) process. This is a critical area of water resources management as it gives an indication of the required water management class to which mining companies should adhere in managing water quality.

The WRCS stipulates a set of procedures which result in the determination of a management class. Subsequently, the WRCS guidelines recommend that the management class be determined based on the ecological categories of the biophysical nodes in an integrated unit of analysis. The classification process specifies one of three classes for each integrated unit of analysis, which is then translated into resource quality objectives that will specify the actual targets and ranges for maintenance of a specific class of water resource.



Taking water samples at Northam Platinum’s Booyensdal mine



Environment continued

The proposed management classes of the water resources for these catchments were published for comment, as were the proposed resource quality objectives of the Olifants catchments.

Draft National Water Pricing Strategy

The original pricing strategy was gazetted in 2007 and was followed by a strategy review in 2015 to consider emerging water-related issues and to ensure alignment with NWRS2. The review proposes a hybrid model for charges in order to help with cross-subsidisation, to achieve equity and redress. The Chamber has made a written submission on the pricing strategy.

Implementation of the National Environmental Management: Air Quality Act

With the absence of a specific climate change act in South Africa, some of the related policy developments were published under the Air Quality Act. These include:

- National Atmospheric Emissions Information System Reporting Regulations (NAIES)
The Chamber has commented on the NAIES Reporting Regulations. During stakeholder consultations, it was revealed that operations not listed under Section 21 of the NEM: Air Quality Act were also going to be required to report their atmospheric emissions including dust and greenhouse gases). This was a very concerning development given that a large number of the mining operations are not Section 21 companies and to date have not been affected by the NAIES initiative.

This development has necessitated the need to develop emission factors and the related standards through the South African Bureau of Standards. This project is likely to take up to three years once it is initiated.

Implementation of the National Climate Change Response Policy and carbon tax developments

The main policy development around climate change has been the continued discussions around the carbon tax policy. The implementation of the carbon tax was delayed in order to facilitate further stakeholder engagements, and also to provide an opportunity for the government appointed DTC to assess the implications of carbon tax on the South African economy.

After the DTC's preliminary report was published, stakeholders were again given an opportunity to make submissions to the DTC regarding the latter's preliminary report.

The National Treasury also published for comment the Carbon Offset Paper (albeit that the objective of the carbon offset is not clear nor its use as a mechanism to mitigate the impacts of carbon tax). Stakeholders have argued that the carbon offset should be included as part of the proposed mix of measures to mitigate climate change.

The National Treasury also published for comment the draft Carbon Tax Bill.

The Chamber is actively participating and making submissions to the DEA regarding the following:

- engaging companies in determining their carbon budgets. The coal mining sector has participated in this first phase and it is hoped that this process will shed some light on the correlation between the carbon budget and the carbon tax that a company will ultimately need to pay;
- given the lack of progress in the development of DEROs, BUSA has developed a DEROs methodology proposal for the department to consider; and
- drafting National Greenhouse Gas Emissions Reporting Regulations. The Chamber is keen that this reporting regime be incorporated within the NAIES.



appointed by government
to assess the implications of a carbon tax on the South African economy

FOCUS AREAS IN 2015 continued

Chemicals Management Bill

Both the Chamber and BUSA opposed the development of this Bill since it duplicates many other regimes, regulations and measures to manage chemicals. Nevertheless, the department is going ahead with its development.

Mining and biodiversity

The Chamber continued to collaborate with stakeholders on the development of measures to mainstream biodiversity. The Minister of Environmental Affairs has noted her intention to prescribe norms and standards for the management of protected areas in South Africa under Section 11(1) of the National Environmental Management: Protected Areas Act, Act No. 57 of 2003 (NEM:PAA). The Chamber stressed, in its inputs, that some of the norms and standards cannot be fully met in the case of existing mining activities and therefore special conditions for those might apply.

Furthermore, the Chamber proactively engaged the DEA during the stakeholder workshops related to the National Biodiversity Strategy and Action Plan (NBSAP). The main focus has been examining the stocktaking and gap analysis of the existing NBSAP, defining the key elements of the updated strategy and identifying high-level activities to support the updated strategy.

The Chamber also participated at a workshop hosted by South African National Biodiversity Institute (SANBI) in June 2015 on behalf of the DEA regarding a guideline to mining-specific wetland rehabilitation. The Chamber has provided inputs on the draft contents and structure. The first draft guideline will be circulated for further inputs.

Water conservation and demand management in the mining industry (WCWDM)

In collaboration with the DWS, the Chamber continued to work on the WCWDM target/benchmarks during the period under review, with the main objective of documenting a methodology for mines to set water-use efficiency targets, together with key indicators that should be used for water target setting. The project also includes the development of a framework that will support both the regulatory and mining sector implementation of WCWDM by providing practical procedures to implement measures to enable targets/benchmarks to be met. The project is expected to be completed in July 2016.

Other initiatives in which the Chamber was involved were the **Water Sector Leadership Group** – a platform for dialogue and monitoring of water sector policy and related issues.

Radiation issues in the mining industry also demanded focus during the year and the Chamber's input was focused on authorisation fees, regulation and radiation matters.

Over the years, the Chamber has been a standing member of the management committee of the **Water Institute of Southern Africa's Mine Water Division**, which is aimed at improving water management in the mining industry.

As a member of the **ICMM**, the Chamber works to strengthen social and environmental performance in the mining and metals industry. The overarching strategy for 2016–2018 is focused on collaborative action **towards societal acceptance**.



As a member of the ICMM, the Chamber works to strengthen social and environmental performance in the mining and metals industry.



Legal

The legal section is tasked with providing and co-ordinating legal advisory services required by the Chamber in order to act in the best interests of its members. These services may include drafting and making submissions, both written and oral, on behalf of the Chamber. In certain cases, legal content takes up the major part of the submission, while in others it is a necessary, but not predominant part. This recognises that the Chamber's lobbying and advocacy activities cannot be confined to a single discipline. Both politically and intellectually, the lobbying activities are polycentric, and are especially relevant when referring to the MIGDETT process.

The legal department also offers an in-house legal service to the Chamber and its employees.

The Chamber is currently seeking clarity through the country's High Court on the interpretation of black economic empowerment ownership transactions carried out by the industry between 2004 and 2014. This decision, which is only expected later in 2016, will undoubtedly influence both the assessment of the industry's historical performance in terms of ownership and the way forward and could significantly influence the revised Charter.

TAXATION

A number of circulars regarding the Taxation Laws Amendment Bill (TLAB), principally dealing with the proposed, long awaited retirement reforms were drafted and circulated to members and discussed at meetings. In general terms, the Chamber is in favour of the proposed reforms, as it indicated to NEDLAC and in its submissions to Treasury.

Essentially, the reforms relate to the annuitisation of provident fund retirement benefits, the extension of the tax deductibility of retirement fund contributions and the treatment of all contributions to retirement funding as a fringe benefit in the hands of the employee. The TLAB was approved and came into effect as an Act in October 2015.



FOCUS AREAS IN 2015 continued

This was followed however, by COSATU's displeasure at the developments, arguing that they had not agreed to the amendments tabled at NEDLAC. Consequently, President Jacob Zuma tasked the Minister in the Presidency Jeff Radebe to assist Treasury and COSATU in their discussions relating to the Act, and he appointed an inter-ministerial committee on comprehensive social security to focus on comprehensive social security reforms.

The Act came into effect on 1 March 2016, but by agreement with COSATU, the annuitisation provisions were delayed by two years to enable discussions at NEDLAC on the matter. As a result of this new position, the Revenue Laws Amendment Bill of 2016 was introduced to deal with certain aspects of the 2015 tax legislation and technical corrections.

The Chamber, being aware of the sensitivity of members regarding their retirement benefits, prepared a briefing note for members and their employees setting out the factual situation relating to their retirement benefits, and for circulation prior to 1 March 2016.

The Chamber was extensively involved in discussions with Treasury regarding the Draft Carbon Tax Bill, which was published in November 2015, and submitted comments on the Bill emphasising that the introduction of a carbon tax at this time was inappropriate, citing the seriously constrained South African economy and, in particular, the fragile state of the mining industry.

The Carbon Tax Bill has been designed to ensure that its overall impact will be revenue neutral up to 2020. The Minister of Finance announced in his Budget Speech in 2016 that the draft bill will be revised taking into account comments and further consultation.

The Chamber's comments on the DTC report (released in October 2015) were detailed, emphasising the need for stability in the mining industry in order for it to grow. The Chamber had previously engaged with representatives of the World Bank and the International Monetary Fund on this proposed legislation. The DTC also issued an interim report on carbon tax in November 2015 and the Chamber submitted extensive comments to it broadly along the lines of its submission to Treasury.

The NHI Proposals were introduced by the Minister of Health at the end of 2015 and were circulated to the Chamber's Taxation Committee for comment. Unfortunately, the details on the financing proposals for the NHI have not yet been released, which makes it difficult to meaningfully comment on the proposals to reform healthcare. The Minister of Finance, in his Budget Speech in February 2016, announced that the NHI financing proposals would be released shortly.

SOCIAL SECURITY

The retirement reform proposals were circulated to members of the Social Security and Retirement Reform Committee and the Chamber submitted proposals on the reforms to Treasury. The Chamber was broadly supportive of the retirement reform proposals, given the emphasis on saving and having regard to the employee indebtedness situation in the mining industry, and highlighted the need for Treasury to secure union support for these proposals.

Despite the postponement of annuitisation of provident funds, the government remains committed to the retirement reform principles announced in 2014.

The NHI proposals were also circulated to the Chamber's Social Security and Retirement Task Team for comment. Once again, without the financial implications of the Act being disclosed, the Chamber remains constrained in its comments. Since year end, the Treasury has announced that the Social Security Reform Policy will only be issued at the end of June 2016.



The Chamber believes that implementation of a carbon tax should be deferred for at least five years.

Legal continued

TRUSTEES APPOINTED TO INDUSTRY RETIREMENT FUNDS

Sentinel Retirement Fund

The Sentinel Retirement Fund is one of the largest self-administered umbrella funds in South Africa with net assets in excess of R80 billion. It is structured as a defined contribution pension fund that provides self-insured risk benefit cover and monthly pensions. Sentinel is currently exploring a number of opportunities to market the fund outside of its existing environment. These developments are expected to be implemented in 2016, following on compliance with various legislative requirements and good governance practices. The Chamber appoints seven employer representatives to act as trustees of the Fund.

Mineworkers Provident Fund (MPF)

The MPF is one of the largest self-administered provident funds with assets exceeding R33 billion. The Chamber appoints nine employer representatives to act as trustees of the Fund.

Since 2015, however, the MPF has been unable to trace its beneficiaries, after having embarked on an IT systems change. With the integration of the existing IT systems and the operationalisation of the new system, unclaimed benefits have not been paid. With an excess of 52,000 unclaimed benefits, the Fund intends to conduct a number of roadshows to improve its tracing results and make payments to such beneficiaries.

The Fund is currently revising its rules so that it can convert to an umbrella fund. AMCU has not taken up the two seats it has been allocated on the board of trustees.

MINES 1970 Unclaimed Benefits Preservation Pension and Provident Funds

These are Unclaimed Benefits Funds with assets in the region of R700 million. Approximately 60% of beneficiaries have been traced. As at the end of 2015 more than R30 million had been paid to former members/beneficiaries. An amount in excess of R40 million remains to be paid to beneficiaries. These payments remain outstanding given that South African Revenue Services has disallowed their disbursements without the individual beneficiaries being able to furnish their individual tax number. The trustees of the fund are escalating the matter to the Financial Services Board to provide a way forward.

To date, an excess of 10,000 claim forms have not been returned to the Funds. The trustees embarked on an outreach programme in order to establish regular contact with the former members/beneficiaries and offer assistance. While this programme has yielded results, they are not satisfactory and the trustees will be launching another project in 2016 whereby they will arrange for various contracted agents to physically retrieve the claim forms so that they can be processed and payments made.



60%
of beneficiaries
of unclaimed pension and provident
funds have been traced



R30 million
paid
to beneficiaries



SECTION

05

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Inspection at the heavy vehicle workshop at Komela mine, Kumba Iron Ore

IN THE PAST YEAR, THE INDUSTRY AS A WHOLE INVESTED R5 BILLION ON TRAINING IN SKILLS THAT THE INDUSTRY ITSELF NEEDS AS WELL AS OTHERS AND THAT CAN BE USED FOR GENERATING INCOMES IN OUR WIDER SOCIETY.

ABBREVIATIONS

AET	Adult education and training	ICMM	International Council for Mining and Metals
AMCU	Association of Mineworkers and Construction Union	ITTCC	Industry Task Team on Climate Change
BEE	Black economic empowerment	LMC	Labour Market Committee
B-BBEE	Broad-based black economic empowerment	LPC	Labour Policy Committee
BUSA	Business Unity South Africa	LRA	Labour Relations Act
CCOD	Compensation Commissioner for Occupational Diseases	MBOD	Medical Bureau for Occupational Diseases
CEO	Chief executive officer	MDR-TB	Multi-drug resistant tuberculosis
COIDA	Compensation for Occupational Injuries and Diseases Act	MHSA	Mine Health and Safety Act
COSATU	Congress of South African Trade Unions	MHSC	Mine Health and Safety Council
CMA	Catchment Management Agency	MIASA	Mining Industry Association of Southern Africa
CRG	Charter Reference Group	MIGDETT	Mining Industry Growth, Development and Employment Task Team
DBSA	Development Bank of South Africa	MOSH	Mine Occupational Safety and Health
DEA	Department of Environmental Affairs	MPRDA	Mineral and Petroleum Resources Development Act
DERO	Desired emissions reductions outcome	MQA	Mining Qualification Authority
DHET	Department of Higher Education and Training	MRDS	Mine Residue Deposits and Stockpile
DMR	Department of Mineral Resources	NAEIS	National Atmospheric Emission Information System
DOE	Department of Energy	NAMB	National Artisan Moderating Body
DOH	Department of Health	NBI	National Business Initiative
DOL	Department of Labour	NBSAP	National Biodiversity Strategy and Action Plan
DPME	Department of Planning, Monitoring and Evaluation	NDP	National Development Plan
DTC	Davis Tax Committee	NEDLAC	National Economic Development and Labour Council
DWS	Department of Water and Sanitation	NEM	National Environmental Management
EC	Ecological categories	NEMA	National Environmental Management Act
ECDA	Enterprise and Community Development Agency	NEM:PAA	National Environmental Management: Protected Areas Act
EIA	Environmental Impact Assessment	NEM:WAA	National Environmental Management: Waste Amendment Act
ELU	Existing lawful use	NERSA	National Energy Regulator of South Africa
EPC	Chamber of Mines Environmental Policy Committee	NGO	Non-governmental organisation
GA	General authorisations	NHI	National Health Insurance
GCC	Government Certificate of Competency	NIHL	Noise induced hearing loss
GDP	Gross domestic product	NMW	National minimum wage
HDSA	Historically disadvantaged South Africans	NSA	National Skills Authority
HEG	Homogeneous Exposure Group		

ABBREVIATIONS continued

NUM	National Union of Mineworkers
NWA	National Water Act
NWAA	National Water Amendment Act
NWRS2	National Water Resource Strategy 2
ODMWA	Occupational Diseases in Mines and Works Act
OES	One environmental system
OLD	Occupational lung disease
PGM	Platinum group metals
PPC	Parliamentary Portfolio Committee
PPE	Personal protective equipment
QCTO	Quality Council for Trades and Occupations
RCS	Respiratory crystalline silica
R&D	Research and development
RQO	Resource quality objectives
SABCOHA	South African Business Coalition on Health and AIDS
SABS	South African Bureau of Standards
SADC	Southern African Development Community

SAMBF	South African Mining Biodiversity Forum
SANBI	South African National Biodiversity Institute
SETA	Sector Education and Training Authority
SETAB	Sector Education and Training Advisory Board
SHEQ	Safety, health, environment, quality
SLP	Social and Labour Plan
SOCPOL	Standing Committee on Social Policy and Transformation
TB	Tuberculosis
TLAB	Taxation Laws Amendment Bill
WCWDM	Water Conservation and Water Demand Management
WDCS	Waste Discharge Charge System
WHO	World Health Organization
WISA	Water Institute of Southern Africa
WMA	Water management areas
WRCS	Water Resources Classification System
WSLG	Water Sector Leadership Group

CONTACT DETAILS AND ADMINISTRATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

To achieve a policy, legislative and governance framework, which is widely supported and which will allow the mining industry to convert the country's abundant mineral resources into wealth for the benefit of South Africa.

REGISTERED OFFICE

5 Hollard Street
Marshalltown
Johannesburg 2107

BUSINESS ADDRESS

PO Box 61809
Marshalltown 2107

BANKERS

ABSA Bank Limited
First National Bank of South Africa Limited

AUDITORS

Deloitte & Touche
Chartered Accountants (SA)
Registered Auditors

REPORTING PERIOD

The Chamber of Mines of South Africa's financial year is from 1 January 2015 to 31 December 2015 and thus includes transactions for this period. The financial reporting period of Mining Lekgotla (Pty) Ltd is from 1 March 2015 to 31 December 2015.

PRIOR PERIOD COMPARATIVES

Mining Lekgotla (Pty) Ltd changed its year-end from 28 February to 31 December in the current financial year. The current year figures cover the 10 months ended 31 December 2015.



CHAMBER OF MINES
of South Africa



CHAMBER OF MINES
of South Africa

Telephone: +27 11 498 7100

Facsimile: +27 11 834 1884

5 Hollard Street, Johannesburg, 2001

PO Box 61809, Marshalltown, 2107

communications@chamberofmines.org.za