

SA won't implement mining super tax - Shabangu

CAPE TOWN: South Africa will not follow Australia in implementing a mining super tax, Mineral Resources Minister Susan Shabangu said on Thursday, 10 May 2012.

Speaking at a media briefing before presenting her Budget Vote in Parliament, Shabangu said she believed South Africa's current tax dispensation was competitive when benchmarked against other countries, but added that there was always room for improvement.

Commenting on Australia's decision last year to implement a mining super tax, she said South Africa should forge its own solution to taxing the sector, adding that the country needed a tax regime that would help the sector to become competitive and help it to grow.

She said her department had been engaging with National Treasury to ensure that any new additions or changes to mining taxes were not excessive.

Shabangu reiterated that the department had no intention of creating a special dispensation for African Exploration Mining and Finance Corporation, after Cabinet in March approved a proposal to hive off the entity from the Central Energy Fund.

The African Exploration Mining and Finance Corporation would have to compete without being rescued by the government or receiving "favours" from the state.

Turning to mining rights, Shabangu said over 3 500 mining rights applications - both new and old - had been loaded onto the department's online system - the SA Mineral Rights Administration (Samrad).

The department would no longer accept manual submissions and she believed this would limit any the chance of corruption in the department.

The department was also engaging with the Chamber of Mines to determine how best the officials can assist mines to meet the new requirements demanded in mining rights applications.

The new online system would not allow applicants to apply for mining rights applications in environmentally sensitive areas.

Where the Department of Mineral Resources had granted mining rights licences in environmentally-sensitive areas - mainly in Mpumalanga - these had been withdrawn, she said, adding that these had been withdrawn without any legal challenges from licence-holders.

Some mining companies had been mining for years without water licences, and Shabangu said the Department of Water Affairs was working with these companies to grant them water licences.

Mineral Resources was addressing challenges in environmental issues in the Mineral and Petroleum Resources Development Act by discussing with the Department of Water Affairs ways to harmonise water and mining rights licences.

Rehabilitation of mining sites would be given more attention - and there were about 6 000 sites where the state had to take responsibility.

Shabangu conceded that the department had not made that much progress in rehabilitating these sites and said a report conducted by actuaries had been compiled to assess the amount of funding the department would need to rehabilitate these sites.

She said although the number of mine fatalities had fallen slightly, from 127 in 2010 to 123 last year, the department planned to amend the Mine Health and Safety Act to tighten penalties against those mining companies that did not improve safety on mines and protect its workers against disease.

The department had begun reviewing its procurement services to ensure these were conducted in a transparent way.

Meanwhile, the minister said the mining sector needed more black entrepreneurs who were able to add real value to the mines and businesses they invest in.

Shabangu said entrepreneurs that partnered with companies to enter the mining sector had to commit themselves to understanding the business.

There was nothing wrong, she said, with Black Economic Empowerment (BEE) investors who took investments in various mining entities rather than starting up their firms, as long as they were serious about growing in the industry.

Her department was also engaging with the Department of Trade and Industry around the BEE Act on various issues - including the issue of "once empowered, always empowered".

Shabangu said the department would also hold a summit later this year to look at how best to beneficiate the diamonds and link these to the jewellery sector.

It was necessary to look at more than just cutting and polishing of diamonds, and skills training and encouraging young people to start their own jewellery businesses would be key, she said.

She said the country's mining sector contributed 9.6% to South Africa's gross domestic product and employed 500 000 people.