

Youth in Mining opposes coal deal

South African Youth in Mining (Sayim) is strongly opposed to South32's exclusive sale negotiations of its subsidiary, South African Energy Coal (Saec), to Seriti Resources. This transaction is estimated to be worth between R10-R12bn.



The organisations says that although the proposed sale offers the country an opportunity to diversify Eskom's coal suppliers and involve more young people and communities around the coal mines in the mining sector, this opportunity is not being used. Instead, the country will have to contend with the perhaps unintended consequence of a severely jeopardised future security of coal supply for Eskom.

Marketshare

"We are therefore strongly opposed to this deal in its current form because it not in the best interest of Eskom and ultimately consumers and the country. South32 and Seriti supply 14% and 20% of Eskom's coal requirements respectively. Seriti is part of the New Largo project positioned to supply coal to Eskom's power plant, Kusile. The effect of the proposed acquisition is that Seriti will then be supplying 44% of Eskom's coal. If this deal goes ahead, can you imagine what crisis would befall us should Seriti operations be interrupted such as by its employees going on strike?" says Thato Abrahams, chairperson of Sayim.

Members of communities in Mpumalanga where the mines are based, approached Sayim when South32 made an announcement over a week ago. "They are extremely worried about the implications of this deal and have asked us to raise this strongly with the government, South32, Eskom and Seriti. We have already written to the Portfolio Committee on Energy and Mineral Resources and are expecting to hear from them sometime this week," he says

Although Sayim notes that the assets will be sold to a black-owned consortium, the organisation would like Seriti Resources to take the broader interest of the country in terms of energy security into consideration.

No youth involvement

The other factor of concern is the lack of involvement of young people in the transaction.

“Our mandate as Sayim is to foster youth participation in mining according to the pillars of the Mining Charter, one of which is ownership and joint Ventures. This situation can be turned around if the parties take on youth to be part of the deal, if not as part of the consortium then by agreeing to let an eligible consortium buy some of the mines,” Abrahams says.

Saec comprises four coal mining operations, namely: Middelburg Colliery, Khutala Colliery, Klipspruit Colliery, and Wolvekrans Colliery, as well as three processing plants, producing energy coal for Eskom and export market through the Richards Bay Coal Terminal.

“Given the state of turmoil in particular among mining communities, it is really about time that the promises of inclusive growth are no longer rhetoric but translate into reality and this transaction can and should be structured on this basis. It is neither desirable nor sustainable to have one entity supply more than 44% of Eskom’s coal, as this would weaken security of energy supply and further jeopardise Eskom stability,” says Abrahams.

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