

More is needed to boost BEE in the mining sector

THE Mining Charter Review which is currently circulating among the industry's players is by no means perfect, but it can serve as a launching pad for fresh thinking around the implementation of empowerment policies.

The report shows that 9% of the industry was in black hands last year, many miles away from the 15% target set by the mining charter.

The report also shows that historically disadvantaged South Africans, which include white women or black-owned companies, got a meagre 3% slice of the mining industry's R200-billion procurement pie over the five-years under review.

None of these figures should shock anyone, but they deserve closer inspection because the mining charter is the "poster child" of the country's transformation efforts and is, therefore, a barometer of BEE.

The first years of implementing the transformation charter have been characterised by mutual mistrust among the companies, which would have viewed the information as sensitive in their ultra-competitive industry.

How else can you explain that the industry had not conducted a peer review of its involvement in advancing empowerment until last year?

Empowerment's main achievement has been the creation of a black elite, which is too small.

Over the years we have seen many people gracing the covers of newspapers and making it into television bulletins.

Many of those, at some point, have had to approach their families and friends to ask for fuel money as the economics of their deals didn't quite work out. The debt tsunami has sunk both the

OPINION

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entrepreneurs and their deals.

Few can afford flashy lifestyles. But it has not been all bad.

"There are more black people who are in business these days, mainly because of empowerment," says Reg Rumney, the head of the Centre for Economics Journalism in Africa, which is based at Rhodes University.

He laments the absence of black entrepreneurs "who do things that shake the market".

Rumney believes entrepreneurs in the mould of township veterans who made it despite apartheid could still emerge as more blacks acquire assets and build capital.

"Studies show that one of the requirements of successful entrepreneurship is business experience. The increase of black people in business could lead to more risk-taking and true entrepreneurs could emerge," he says.

He suggests that legislation could be tweaked to encourage a

better business environment.

"Maybe industry-wide transformation targets could achieve better results than company-specific ones," he says.

Rumney's views are expanded by a mining industry insider who tells of how, at times, companies enter into empowerment transactions with communities whose leaders end up on the boards.

There is little wrong with this practice, except that mining companies appear to be comfortable with having board members who do not add value.

"Some companies do not train the board members who represent their community to a level where they can question some of the decisions and make suggestions that can benefit the community," says the insider.

An empowerment analyst says that it is difficult to ascertain which types of empowerment deals are sustainable, because some transactions have been propelled by the performance of the underlying assets. Others are in such a quagmire, such as in the case of Aurora Empowerment Systems' foray into mining, that it is difficult to tell how much of the trouble is linked to empowerment, mismanagement or difficult market conditions.

It is good that the first five years have come and gone. With many of the ownership transfer deals being concluded, perhaps the spotlight will fall on other aspects of empowerment, such as enterprise and skills development.

What is certain at this point is that empowerment can achieve more than it has done.

Truckloads of goodwill from the government, business, labour and communities are needed to help create a vibrant business sector and environment.

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