

UNDER PRESSURE

SMALL-SCALE MINERS FLAG CONCERNS

The mining sector is often seen as largely consisting of big mines, with underground operations, however the industry is a collective of various sizes and types of mining.

An interesting fact: there are only two ways of obtaining something of value – you either mine it, or you grow it.

Mining as we know it started in the Northern Cape where copper was mined in Namaqualand. Many people think mining started in Johannesburg.

Yes, mining started small with copper, diamond and gold, among others.

Interestingly, the most mined mineral in the world is aggregate and sand.

Basically, all infrastructure built is done so using aggregate, stone, gravel or sand.

According to legislation, mining takes place when the mineral is removed from its natural state. This means that the commodity, area or even the explosives used play a role. Rather digging the mineral out with a machine or hand is regarded as mining.

While we have large underground mines and massive surface mines, there are also smaller underground mines and smaller surface mines, which tend to be scattered across the country.

Legislation pertaining to the mining industry has largely been developed to regulate large mines. However smaller surface mines are required to comply with the legislation and this is a major challenge for the smaller entities.

Smaller mines are where jobs are created, but the legislative requirements and the cost of the minerals mined serve as a major challenge for anyone considering the option of starting small.

Another challenge faced by small-scale miners relates to health and safety regulations which come with vast compliance requirements which hamper the effectiveness of the small-scale operation.

In order to comply with the requirements smaller operations are forced to rely on consultants who charge exorbitant fees for basic services, with the small-scale miner left to fend for themselves once the transaction is completed.

These are not “emerging” mines – many have been around for years, but due to low product price and low value of the mined mineral, there have been insufficient funds to develop operations to scale.

While the small surface mines are often well run and keep employees employed for many years, they often have to contend with “illegal mining”. Regulators are often reluctant to act against illegal operators, who in many cases are municipalities, local authorities, road builders or small businesses such as hardware operations.

Apart from the excessive visits by officials, small-scale miners are also faced with complying with highly complicated mining licence processes and extremely lengthy waiting periods, from licence application to licence approval.

The result is that illegal mining operations thrive given that they are not “regulated” as they actually don’t exist on the records of the



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government.

In line with the latest Mining Charter requirements, Aspasa has proposed that attention be given to issues related to small-scale mining operations; in particular, issues related to complicated social labour plans (supplying housing etc.).

What is often not understood is that there are only a small number of people employed at each small-scale surface mine. When for example the number of 50 is mentioned, the operation is seen as a bigger operation than what it actually is.

Small-scale operations don’t have the financial muscle to provide financial muscle to support to communities on their own. Currently there are great expectations from communities that all miners have access to funds to support all role players.

This is so far from true and the burden currently rests on small surface operators to comply and support communities as per legislative requirements without consideration of whether the small-scale miner is able to do so or not.

In general small-scale operations are scattered all over the country, with employees living in their own accommodation located in the surrounding communities.

Small-scale operations don’t employ migrant workers but employ workers from their own communities and have been doing so for many years.

With regard to small surface mines, there are three main commodities (clay, diamonds and aggregates and sand) that are looked after by industry bodies, each with their own focus areas and services.

These bodies are starting to raise many issues that challenge their industries and their members’ businesses.

The clay industry for instance is closely connected to the brick industry, which with the decline in the building/construction industry, is faced with unique challenges including poor performance of the economy, political uncertainty and overflow of legislation impacting the industry.

Secondly, the diamond industry has recently shrunk and is facing its own set

of challenges while the small-scale surface miner, which includes aggregate, sand, clay, dimension stone, salt, silica, among others is also facing headwinds given that most of the minerals are not high value and have to contend with associated legislation challenges and economic uncertainty.

What at the end of the day is concerning is that the mining industry in South Africa, once a mighty economic force, is on a downward slide. This has resulted in jobs and skills being lost or not sufficiently developed; and generally a slow meltdown of an industry that should be growing.

The small surface mining industry will implode if things do not improve, particularly related to proper governance and regulation.

The answers are certainly not simple or easy, but require some serious discussion if the industry consisting of small-scale surface mines is to survive and succeed. Currently this part of the industry is not well understood or well represented. ■

