

# DMR Newsroom | Department of Mineral Resources

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## HIGHLIGHTS: MINING CHARTER, 2018

ELEMENT	SALIENT POINTS
	<p><b>Ring-fenced elements:</b> Ownership and Mine Community Development; 100% compliance required at all times.</p>
<p><b>OWNERSHIP</b></p>	<p><b>Existing mining rights:</b></p> <ul style="list-style-type: none"> <li>• An existing mining right holder who has achieved a minimum of 26% BEE shareholding shall be recognised as compliant for the duration of the mining right; not applicable on renewals and transfers.</li> <li>• Pending applications lodged and accepted prior to the commencement of the Mining Charter, 2018, shall be processed in terms of the requirement of the Mining Charter, 2010, with a minimum of 26% shareholding – top up to 30% within 5 years.</li> </ul> <p><b>New mining rights – Minimum 30% distributed as follows:</b></p> <p>5% non-transferable carried interest to employees</p> <p>5% non-transferable carried interest to host communities, comprising 5% equivalent of the issued share capital of the mining right holder, at no cost to a trust or similar vehicle set up for the benefit of all host communities</p> <ul style="list-style-type: none"> <li>• 20% black entrepreneurs; 5% preferably to be women</li> <li>• 20% ownership shares to a BEE shall not be diluted below 51% ownership and control by BEE Entrepreneur.             <ul style="list-style-type: none"> <li>◦ BEE shareholding may be concluded at holding company level, mining right level, on units of production, shares or assets. Where BEE shareholding is concluded at any level other than at mining right level, the Flow Through Principle will apply.</li> <li>◦ A BEE shareholder exiting the transaction must have held the empowerment shares for a minimum period equivalent to a third of the duration of the mining right, and an unencumbered net value must have been realised.</li> <li>◦ The Charter outlines requirements for Junior Miners – i.e a mining right holder with a single or multiple mining rights, having a combined annual turnover of less than 150 Million Rand.</li> </ul> </li> </ul> <p>It sets targets for licences granted under the Precious Metal Act, 2005 and the Diamonds Act, 1986; and threshold for precious metals jewellers and beneficiators.</p>
<p><b>MINE COMMUNITY DEVELOPMENT</b></p>	<p>Mine community: communities where mining takes place, major labour sending areas, adjacent communities within a local municipality, metropolitan municipality or district municipality.</p> <p>A mining right holder must meaningfully contribute towards Mine Community Development, in keeping with the principles of the social license to operate.</p> <p>The Trust or similar vehicle to oversee implementation of the 5% equity equivalent should have - at minimum - representation from host communities (including Community Based Organisations and Traditional Authorities where applicable) and mining companies.</p> <p>The Trust to identify community development needs and develop a host community development programme (to be published in at least 2 local languages), fund distribution, governance and organisation.</p> <p>Administration costs, project management and consultation fees of the Trust may not exceed 8% of the total budget.</p> <p>Community development programme approved under this element shall not substitute Social and Labour Plan (SLP) commitments</p> <p>Mining right holders operating in the same area may collaborate on identified projects to maximise the socio-economic developmental impact, in line with their approved SLPs. Approved SLPs must be published in English and a dominant language(s) commonly used within the mine community.</p>
<p><b>EMPLOYMENT EQUITY</b></p>	<ul style="list-style-type: none"> <li>• <b>Board level:</b> 50% black; 20% to be women</li> <li>• <b>Executive/Top management:</b> 50% black; 20% to be women</li> <li>• <b>Senior management:</b> 60% black; 25% to be women</li> <li>• <b>Middle management:</b> 60% black; 25% to be women</li> <li>• <b>Junior management:</b> 70% black; 30% to be women</li> <li>• <b>Employees with disabilities:</b> 1.5%</li> </ul>

<b>INCLUSIVE PROCUREMENT, SUPPLIER AND ENTERPRISE DEVELOPMENT</b>	<ul style="list-style-type: none"> <li>● 70% of all mining goods to be from BEE entities</li> <li>● 80% of all services to be from BEE entities</li> <li>● 100% of mineral samples to be analysed by SA-based firms</li> <li>● 30% of all procurement budget on mining goods may be offset against supplier development.</li> <li>● Goods must be procured in line with a standardised product identification coding system being developed by the dti.</li> <li>● 10% of all procurement budget on services may be offset against supplier and enterprise development</li> <li>● 70% of all R&amp;D budget to be on South African based entities</li> </ul>
<b>BENEFICIATION</b>	<p>A <b>maximum offsetting of 5%</b> against BEE Entrepreneur;</p> <ul style="list-style-type: none"> <li>○ Existing mining right holder who has claimed the 11% points beneficiation offset prior to the commencement of Mining Charter 2018, to retain the offset for the duration of the right.</li> <li>○ The Department must approve Beneficiation Equity Equivalent Plan as outlined in the Mining Charter implementation guidelines;</li> <li>○ A mining right holder must submit an annual progress report to the department in line with the approved beneficiation equity equivalent plan.</li> </ul>
<b>HOUSING AND LIVING CONDITIONS</b>	<p>Principles as set out in the Housing and Living Conditions Standards for the Mining and Minerals Industry developed in terms of section 100 of the MPRDA which includes:</p> <ul style="list-style-type: none"> <li>○ Decent and affordable housing;</li> <li>○ Provision for home ownership;</li> <li>○ Provision for social, physical and economically integrated human settlements; and</li> <li>○ Secure tenure for mine employees in housing institutions</li> <li>○ Proper healthcare services</li> <li>○ Balanced nutrition</li> </ul>
<b>HUMAN RESOURCE DEVELOPMENT</b>	<p>5% investment of the Leviable Amount on essential skills development such as science, technology, engineering, mathematics, artisans, internship, apprentices, bursaries, literacy, and numeracy skills for employees and non-employees, research and development of solutions in exploration, mining, processing, technology, beneficiation, environmental conservation and rehabilitation</p>