

Press Release

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South African Institute of Race Relations
The power of ideas

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Shifting from BEE (for the few) to EED (for the many) in the vital mining sector

The Department of Mineral Resources (DMR) intends to finalise its draft mining charter within the next two months. Thus far, it shows little sign of compromising on proposed BEE rules that raise the risk of mining in South Africa into the stratosphere, notes the IRR in a new issue of its *@Liberty* policy bulletin published on 16 August.

Adds the IRR's Head of Policy Research, Dr Anthea Jeffery: "Stricter BEE rules of the kind reflected in the draft charter will never help the millions of South Africans who are unemployed or live in poverty. This can be achieved only via policies that attract investment, generate jobs, and raise the annual economic growth rate from zero to 5% of GDP or more."

The draft charter undermines these goals and should be scrapped. Instead, the DMR should embrace an alternative policy of "economic empowerment for the disadvantaged" ("EED"), which would be far more effective in unlocking opportunities for the poor.

Says Dr Jeffery: "EED focuses not on outputs in the form of racial targets, but rather on the inputs necessary to empower the disadvantaged. Instead of overlooking key barriers to upward mobility, it seeks to overcome these by promoting investment, growth, and jobs. It also aims to liberate the disadvantaged by freeing up labour markets, expanding property ownership, providing sound education and health care, and improving living conditions.

"EED policies aimed at achieving these objectives should be accompanied by a new EED mining scorecard (to replace both the current charter and the proposed draft). Under this revised scorecard, mining companies would earn (voluntary) EED points for:

- all direct investment within the country;
- maintaining and, in particular, expanding jobs;
- contributing to tax revenues;
- generating export earnings;
- appointing staff on a 'wide' definition of merit (which takes account of poor schooling and the like);
- providing additional training for people appointed on this basis;
- entering into employee share ownership programmes with all staff; and
- topping up the state-funded vouchers the government should provide, so as to help poor households in mining communities gain far better education, health care, and housing than is currently available to them.

"After years of damaging mining policies, it is time to call a halt. South Africa cannot hope to expand opportunities for the disadvantaged unless it raises the annual growth rate to at least 5% of GDP. A shift to EED in the vital mining sector would help achieve this.

"By contrast, the introduction of the draft charter in anything like its present form will further damage the mining sector and could help push the faltering economy into recession. Any such outcome will greatly harm all South Africans – and especially the poorest."

Ends

Download '*Re-imagining the mining industry*' in *@Liberty* by clicking [here](#).