SADC PROTOCOL ON MINING

FRAMEWORK FOR HARMONISATION OF MINING POLICIES, STANDARDS, LEGISLATIVE, AND REGULATORY IN SOUTHERN AFRICA
Introduction

The Protocol’s main areas of focus

- Harmonisation of national policies to the objectives of regional integration
- Improving the availability of economic information to the private sector
- Promoting private sector participation in the regional mining industry
The Protocol’s main areas of focus

- Facilitating the development of human and technological capacities
- Promoting responsible small scale mining
- Observing internationally acceptable standards of health, safety and environment.
Mineral Policies

- Mineral policy stability, making allowance for adjustments from time to time;
- Consistency and transparency;
- Stakeholder dialogue in policy formulation;
- Management of stakeholder expectations;
- Transferability and tradability of mining rights; and,
- Environmental protection, integrated land use (multi-sector based), social and post mining development plans.
Mineral Policies cont.

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Minerals Policy Template for SADC

- Business Climate and Mineral Development
- Participation in Ownership and Management
- People Issues
- Environment Management
- Regional Co-operation
- Governance
Political, Economic and Social Environment

- HIV/AIDS
- Employment
- Foreign Direct Investment
- Macroeconomic convergence
General Investment Regulations

- Local equity stakes;
- Exchange controls
- Dividends.
Mining Fiscal Environment

- SADC Tax Memorandum of Understanding
- SADC Finance and Investment Protocol
- Principles of mining taxation
Fiscal Framework

- International Tax Issues
- National Tax Issues
- Local Government/Regional Tax Issues
International Tax Issues

- Double taxation
- Withholding taxes
- Import duties
- Export duties
- Transfer-pricing
National Tax Issues

- Tax stability agreements
- Effective tax burden to be competitive;
- Rent distribution at high commodity prices
- Tax holidays
- Accelerated amortization and depreciation
- Mining tax ring fencing
- Loss carry forward or the cost amount
- Realized capital gains
- Mine rehabilitation on closure, contributions to a mining rehabilitation trust fund - tax deductible, Build up and disbursement - tax free except for the surplus; and Environmental expenditures - allowable deduction for income tax purposes; and Social expenditures - allowable deduction for income tax purposes
Local Government/Regional Tax Issues

- Local communities benefits
- Directly levied local taxes
Mineral Administration and Development Systems

- One-stop mineral administration system
- Application for an exploration licence
- Term of exploration licences
- Information in a standardized format
- Integrate geological regional information management system
- Automatic progression from exploration to mining
- Mining rights duration conform to business plan - Internationally competitive mineral-specific royalties;
- Fee structure that encourages exploration;
- Surface rental fees by the property market;
- Incentives with specific policy objectives;
- Combat mineral theft,
Mineral Beneficiation

- Enabling environment for manufacturing
- Beneficiation projects on a regional scale;
- Infrastructure (transport, energy and water),
- Technology, skills and other inputs for value addition; and
- Producer associations - barriers to value
Mineral Clusters

- Research and Development in the area of cluster development
Minerals Marketing

- Free market
- Assistance in marketing – A & SSM
- Niche markets
- Database of tariff and non-tariff barriers
Social Responsibility

- Social obligations
- Skills training, numeracy and literacy
Environmental Management

- Environmental Impact Assessments –
- International principles of integrated environmental management
- Pre-mining and post closure rehabilitation of mining areas and compensate for adverse impacts on community livelihoods;
- Multiple land use planning and post mining uses of land
- Environmental Rehabilitation - environmental disasters and social decline
Governance

- Sustainable development objectives into mineral law;
- Security and continuity of tenure
- Participation of nationals and skills transfer
- National consultative bodies
Artisan and Small-Scale Mining

- Policies and legislation - alleviate poverty.
- Access to land, financing, marketing, technology and skills development,
- Health, safety and environmental guidelines for the sector;
- Integrated into rural community development programmes.
Research and Development

- Fundamental research
- Regional centres of excellence
- Existing centres
- Reward for research outcomes
- Technological innovation
- Fabrication for local markets
- Simplified geological information management framework
Human Resources and Skills Development

- Incentives to encourage skills development programmes;
- Active database on skills
- Standardization of qualifications
- Mining-related skills development programmes;
- Social and labour plans - alternative skills
- Regional approach to skills
Gender

- Gender equality and equity enforcement and develop targeted policies
- The SADC and AU 50/50 gender equality principle
- Education programmes to increase women’s access,
- Communication and sensitization programmes
Monitoring and Evaluation

- Process for harmonization is gradual
- Standardization and Alignment
- Milestones benchmarked into SADC RISDP timeframes;
  - immediate,
  - short term and
  - long-term
Issues for Standardization

Technical and Engineering requirements
Geology
Health and safety
Skills, training and Qualifications
Environmental Regulations
Social Obligations and Regulations
Mineral Valuation standards
Issues for Alignment in the Southern African Minerals Industry

- Exploration and Mining licensing
- Land rights and tenure
- Mining Fiscal regime
- Minerals Marketing
- Minerals Processing and Value Addition
- Minerals Cluster Development
- Environmental Requirements
- Social Obligations and Regulations
- Institutional Framework
- Infrastructure for minerals development (energy, transport, water)
- Artisan Mining
- Small Scale Mining
- Gender Parity
- Labour Policies
- Cross-border movement of minerals skills
- Cross-border movement of capital, minerals, goods and services
- Investment Regulations
- Economic and Political Framework
- Customs and tariffs Harmonisation
- Product Security
Format for Reporting on Performance of the Mining Industry in Member States

Geology
Mining Development
Mineral Processing And Production
Environmental Protection
Sector Administration
Small Scale Mining Support
HRD and Research and Development Institutions

General Overview
Recommendations
Thank You