

Value Distribution in the mining sector spotlighted at Mining Indaba

Cape Town, 05 February 2014 (ECA) - During a panel session at Mining Indaba organized by the World Gold Council on the theme, Responsible Gold Mining and Value Distribution, Jeremy Webb, Geology and minerals information systems specialist at the African Minerals Development Centre said Africa's youth have much higher expectations in terms of jobs, opportunities, and development. As such, governments, the minerals industry and communities each have a role to play in ensuring these expectations are met.

Webb noted that development benefits go beyond revenue streams. "It is clear that historically Africa has not benefited anywhere near as much as it should have from its mineral wealth; the changes over the last few decades have also changed expectations," he said.

Terry Heymman from The World Gold Council cited his organization's study on the constructive role responsible gold mining plays in supporting sustainable socio-economic development, particularly in host nations.

"Out of a total spend of US\$55.6bn, US\$35.2bn (63%) went to suppliers and US\$8.3bn (15%) to wages. An additional US\$8.4bn (15%) was paid to governments in taxes and US\$3.4bn in payments to providers of capital (including dividends and interest)," he said.

The study also found that more than 80% of that total spend (US\$44.6bn) was made in the country in which operations were sited.

"Overall, value distribution in the form of payments to suppliers, employees and governments in the formal gold mining sector in Africa accounts for US\$7bn," said Heymann, who also underlined the importance of working closely with governments through initiatives such as the African Minerals Development Centre.

Adopted by Heads of State at the African Union Summit in 2009, the Africa Mining Vision identified six areas for improvement: The level and quality of resource potential data; contracts negotiating capacity; ongoing African resources development and governance capacity; improving the capacity to manage mineral wealth; addressing infrastructure constraints; and the artisanal and small scale mining terrain.

"The African Mining Vision's point of departure is development - and how we can use our mineral wealth more effectively for development," said Webb.

The AMDC, he said, is working to support member states on a number of value distribution related issues through promoting country mining visions where expectations can be set at the national level in tandem with development plans.

In addition, the AMDC is addressing policy and licensing, setting a level playing field in the area of legislation and less in specific mining agreements. On geological information, Webb said the Centre is working on better data to attract more exploration and mining activity, based on better terms and conditions. In addition, the AMDC would like to see more economic diversification and a focus on improving the minerals value chain and local content in ways that can improve developmental outcomes.

For his part, Nick Holland, CEO, Gold Fields noted the need to maximize the socio-economic benefits from the extraction of minerals but cautioned on not shrinking the mining economy. Mining generates jobs and has multiplier effects. In Ghana, said Holland, one mining job supports an estimated 28 other jobs and livelihoods.