

Business Report

Fiscal adviser brushes aside mine privatisation

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Donwald Pressly

Privatisation had not been considered as an option for the mining industry as a way to promote job-creating growth, the Financial and Fiscal Commission (FFC) told MPs yesterday, but the government had considerable clout through its interests in companies held by the Public Investment Commission (PIC) and should seek a high employment index on the JSE.

Bongani Khumalo, the acting chairman of the FFC, which advises Parliament, told the portfolio committee on mineral resources that because the government and Parliament had not made proposals on privatisation, the commission would not comment.

He was responding to a question from Christopher Gololo, an ANC MP, who pointed out that there were proposals to sell off SAA, and asked what the commission's stance was on the privatisation of state-owned mining companies, for example.

The state has two mining companies, Alexkor, which is a diamond mining operation in the Northern Cape, and the African Exploration Mining and Finance Corporation, which operates a coal mine in Mpumalanga and has interests in limestone and uranium.

Commissioner Ramos Mabugu referred to the large investment in JSE-listed companies through the Government Employees Pension Fund – managed by the PIC – and suggested that the government should form an employment index for mining companies. “Why don't we index job-creating companies?”

The companies listed in the index would be those that had a record of high employment levels and a good track record of creating new jobs. The idea was that such companies would attract portfolio investment and, thus, be rewarded for absorbing workers.

Pressed by MPs on whether the tax regime was conducive to job creation in the mining industry, Mabugu argued that there was not much room to manoeuvre or exact more taxes. This contradicts moves to impose new super-profit taxes, a matter that is expected to be discussed at the upcoming ANC conference in December.

Commissioner Tania Ajam told MPs that the focus on improving efficiencies in the mining industry should be on education. For example, the proposed new universities in Mpumalanga and the Northern Cape should not attempt to cover a vast academic field.

Instead, the Northern Cape, where much of the country's diamond, iron ore and manganese mining took place, should have universities that provided graduates with “a competitive advantage”.

With the Square Kilometre Array telescope, there would probably also be a need to attract astronomers, mathematicians and scientists.

In Mpumalanga, the new university should focus on “crowding in economic growth” in a similar way by focusing on the economic strengths of the province, Ajam suggested.

The sectoral education and training authorities also needed to focus on serving the sectors appropriately, otherwise “we are not going to get far”.

The committee decided yesterday that it should call in all the platinum mining companies – following the Marikana tragedy – to discuss developments in that sector, but DA MP Hendrik Schmidt said all sides of the equation should be represented, including the unions.

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