DMR caught double-dealing mineral rights in NCape - James Lorimer - PARTY

James Lorimer |
24 April 2014
DA MP says small state-owned company granted claim over land prospected by Aquila Resources at cost of millions

Minister Shabangu must answer for Department's double - dealings

24 April 2014

The DA will submit Parliamentary questions in the next Parliamentary term relating to the Department of Mineral Resources's double - dealing with regard to manganese mining rights in the Northern Cape.

This follows the department's inability or unwillingness to resolve disputed claims - resulting from the department's own actions - over prospecting and mining rights between Aquila Resources and little-known state owned entity, Pan African Mineral Development Company (PAMDC).

PAMDC, led by the department's Director General, Thibedi Ramontja, has lost South Africa over R7 million in each of the last two financial years. PAMDC is also co - owned by the governments of Zimbabwe and Zambia. Strangely, the company is under the control of the Central Energy Fund.

In 2006, the department granted prospecting rights to Aquila over property north of Hotazel. Later in December of 2010, having spent R50 million on prospecting, Aquila submitted a mining right application.

The company was subsequently informed that prospecting rights over the same property had been granted to PAMDC.

Aquila went on to invest a further R 100 million into proving the existence of the resource; however the department had yet failed to clarify the situation.

Now, almost 5 months into the new year, the impasse is yet to be resolved, despite the Minister of Mineral Resources, Susan Shabangu, agreeing to resolve the matter by January of this year.

The agreed upon timeline has now expired without resolution. A month from now the statutory time period will expire and Aquila reportedly stands ready to take the department to court.

This will be devastating for the already tattered reputation of the South African government in its management of the industry and would further depress investor confidence.

Court proceedings will signal the department's effective support of a contested right awarded to a state-owned mining company. This is after a manganese resource has been proved through the expenditure of R450 million by private investors.

Many potential investors will thus likely conclude the department is happy to break the rules in favour of a resources grab by the state.

Coming off the state-supported attempt to grab resources on behalf of the crony company, Imperial Crown Trading (in the Kumba case), South Africa's mineral rights regime will be stripped of credibility.

This harms the prospects of future investments in the mining sector. This also means that the probably downsizing, currently facing the platinum industry, will not be compensated for by new investments elsewhere in the sector.

Consequently jobs and opportunities for new ones will be lost, so too will sources of tax revenue for the state coffers.

The department must thus act to prevent such harm.

In Parliament, DA will demand answers to the following questions:

1. Why the PAMDC is part of the Central Energy Fund, when in this particular case its mining aspirations have nothing to do with energy?

2. Why there has never been full disclosure of the reason for PAMDC's existence?

3. Why the Department was supposed to rule over a case where the Director General of the department is the Chairman of one of the disputing parties?

4. Why the Department has been unable to perform its duties in this case and has broken deadlines to which it had agreed?

5. How the same rights were given to two different companies over the same piece of land?

6. Whether the department deliberately allocated the twin prospecting rights so as to advantage a state owned entity?

7. Whether it is the government's policy to advantage itself and the governments of neighbouring states to the disadvantage of international investment in South

Africa's mining industry?

8. Whether the department intends to spend more state money defending the rights of the PAMDC if and when it goes to court?

The fact that these questions have to be even asked indicates the confusion and double-dealing that characterises the ANC government's stewardship of South Africa's mineral resources. If President Jacob Zuma signs the new MPRDA Bill into law, the additional discretion granted to the minister is likely to make the situation worse.

The DA will continue to fight for the effective management of South Africa's crucial industries, the preservation of jobs and the creation of new ones.

Statement issued by James Lorimer MP, DA Shadow Minister of Mineral Resources, April 24 2014

Related Articles