

Labour on empowerment and the minerals bill

The *Labour Bulletin* interviews NUM general secretary **Gwede Mantashe** on the latest developments in the mining industry.

Bulletin: How do you see empowerment?

Mantashe: When we talk about BEE we tend to talk about ownership. However, what is missing in this discourse is that we must define what BEE is so we avoid the 'rent a black' scenario. During the post-1994 period we saw the development of special purpose vehicles (see box). This mechanism gave a false sense of ownership to black business. This was no real ownership. We must appreciate the difference between investment and where we want to take control.

A realistic approach to BEE could provide for a two-pronged or broad approach. Where you have both black ownership, which is complemented by

ensuring black management at an operational level. There are some examples of where BEE companies are beginning to put black management in operational level positions, but we need more examples of this kind.

What is lacking in the discourse is any real talk from the BEE guys on their commitment to human resource development in order to give content to employment equity. We do need managerial targets that are feasible so that we do not land up in a position where the numbers are right but the people in senior management positions are not given any responsibility. Transformation should not only be reflected in numbers. Labour needs to drive transformation and ensure that at

Anglo, for example, 40% of managers are black in five years time.

Bulletin: Is there a difference between white and black capitalists?

Mantashe: When you go into business you do so to make money. When a grouping of people has less access to capital the exploitation is more intense irrespective of colour. Labour has to develop a strategy in dealing with black managers. Our experience from a number of parastatals has shown that when black managers engage with trade unions they project themselves as tougher than tough and/or adopt a rather paternalistic approach to unions.

Bulletin: What are your views on the minerals bill and charter?

Mantashe: It is not necessary to go the route as specified in the draft mining charter for a target ensuring a black stake of 51% in the industry. Yes, we do need to deracialise the economy. However, this should be managed so there is a natural growth. The approach adopted in the petroleum and energy sector was more of a natural one.

The negotiations around the minerals bill led to an interesting alliance between labour and small-scale operations. This was significant as these small-scale operators are in effect emerging capitalists who do not have enough muscle at the moment. They were forced by circumstances to join labour to challenge the position of the Chamber of Mines.

Special purpose vehicles (SPVs)

SPVs are legal entities established to house specific investments. SPVs have been used extensively to facilitate empowerment transactions. As many of the empowerment companies do not have the capital to acquire the investment in the investee company they depended on third party financiers to fund the transaction. SPVs are thus used to ensure that the empowerment nature of the transaction is reflected, and to accommodate the interests of the financiers who are taking all the risk.

The following is an example of how the process would follow:

