

# Multotec is first up for SABS local content verification



Leading South African mineral processing equipment manufacturer Multotec has taken the pioneering step of having its local content verified by the South African Bureau of Standards (SABS), in line with the requirements of the draft Broad-Based Socio-Economic Empowerment Charter for the Mining and Mineral Industry, 2018. At the end of the verification assessment in July, Multotec Group Chief Operating Officer Jannie de Jonge commended the work of the technical teams from the SABS and Multotec, who had pursued the creation of this “prototype” process as a starting point for promoting local content in mining goods. Whereas mines’ procurement requirements have in the past been linked mainly to the B-BBEE ownership of suppliers, the new draft Mining Charter proposes a more direct measurement of local manufacture embodied in the products themselves.

“Following the publication of the National Development Plan, the Department of Trade and Industry (DTI) and the Department of Mineral Resources (DMR) have put more emphasis on the promotion of the South African manufacturing industry,” says De Jonge. These proposals were incorporated by the Department of Mineral Resources in the 2018 draft of the Mining Charter. The amendments propose that 70% of all goods procured by mines are required to be “South African manufactured goods,” which are in turn defined as “goods with a minimum 60% of the value added during the assembly or manufacturing of the product is created in the Republic.” It is also proposed that this plan is phased in

over five years, giving suppliers time to align themselves and become compliant if they wish to continue supplying mines.

The Multotec Group decided to become more pro-active in this process after a DTI-SABS presentation early this year to the South African Mineral Process Equipment Council (SAMPEC) – part of the South African Capital Equipment Export Council (SACEEC) – where the benefits of the local content requirement were outlined. “South Africa’s manufacturing sector has shrunk considerably in recent years, and this localisation drive was part of efforts to support and grow local manufacturing and job creation,” de Jonge says. “The department was also able to outline generally how it thought the process would unfold.”

The Multotec Group decided that action would be better than words, so showed its support for the spirit of these local manufacturing requirements by investing in having its products verified. While there were reasonable standards in place against which such verification could be initiated, there were aspects of the requirements and processes that were still not clearly defined.

“Both Multotec and the SABS agreed that we needed to create a prototype of how this verification process could work, and this would need practical engagement,” he says. “We committed to go through the process to see what was involved and what we could learn and provide useful feedback to the SABS and the DTI. The learnings gained from the process and the experience gained by all involved are priceless.”

The Multotec Group has invested millions of Rands over the four decades since its establishment in 1978 in state-of-the-art manufacturing plant and equipment and is actively engaged in training initiatives to ensure that the skills are developed and maintained to put these investments to best use.

“We certainly appreciate seeing this recognition from government for our own progress to date,” he says. “Despite the uncertainty of the outcome, and the rules and definitions still being under review and open for comments, we are committed to the process and supporting the initiative by the DTI and DMR to prioritise local content.”

However, de Jonge emphasises that this process will need to be embraced with a significant responsibility and accountability to the industry by local mining suppliers. “The key focus among all stakeholders – including local manufacturers – must be the sustainability and success of our mining sector, so we need to

ensure that we can supply world class products at competitive prices to the mining industry,” he says.

The concerns expressed by the Minerals Council South Africa – previously the Chamber of Mines – that some of the elements of the Draft Charter do not promote competitiveness, must be taken seriously. “The mining industry is under severe cost pressure and is not in a position to absorb higher prices from suppliers,” says de Jonge. “Local manufacturers are therefore obliged to continue becoming more competitive themselves, and to improve productivity as a strategic priority going forward. We must all understand and accept that for mining in South Africa to be competitive, it must have an efficient and competitive supply chain.”

He also firmly believes that the promotion of local manufacture can gain momentum and can itself attract substantial foreign direct investment to enable its expansion and improvement.