CENTRE FOR INTERNATIONAL AND DEFENCE POLICY

BRIEFING NOTE **FOR INFORMATION**

SUBJECT: Theft in the South African Mining Industry

From "The Theft of Precious Metals from South African Mines and Refineries" by Ben Coetzee and Riana Horn

The mining industry is of strategic importance for South Africa, however it faces a number of challenges including the theft of precious metals and mining equipment. This issue can erode the profitability of mines to such an extent that they would have to stop production or even lay off workers. It was estimated in 2006 that the value of gold theft in South Africa was about R2 billion and R225 million of platinum group metals. This estimates to be between 5 to 10 percent of annual South African production.[i] The Diamond and Precious Metal branches of the South African Police Service (SAPS) are an integral part of the mining industry's fight against theft. The mining industry has supported this branch of the SAPS by funding projects, training, and etc. Both the police and the mining industry have recognized that a symbiotic relationship must be attained in order to be effective and successful. Each mine employs its own security model, with variations in measures and application. It was established that most mines follow the principle of isolating their operations, wherever possible, from the close proximity of external interference. This model is usually implemented by isolating the entire mining operation from outside contact to create a buffer zone. The purpose of the buffer zone is to make entry onto property as conspicuous as possible, as well as to simplify controlled entry into secured areas. The Institute of Security Studies for the Chamber of Mines has listed a following recommendation following their analysis of the issue:

Government responsibility: If the service provided by the South African government does not provide adequate protection to precious metals mines, they will become unprofitable and/or cease to exist. This in turn would lead to many job losses in the mining and related industries. The government should consider providing more assistance and becoming more actively involved with crime prevention in the precious metals mining industry. More government involvement in crime prevention would assist in promoting growth in the mining sector, which would assist in a robust economy and employment opportunities.

Re-evaluation of historical data: Personnel data and data from investigations should be captured and incorporated in a comprehensive database. Criminal profiles can be compiled from this data to determine risk factors within the workforce. Sharing this data could result in a very effective and low-cost vetting system, based on workers currently employed as well as those previously employed by the mining industry. A central industry database to store this information could be a workable solution to ensure that corrupt employees do not move from one mine to another.

Lack of comprehensive comparative data: The mining industry and the police do not have a standardized method to compute statistics relating to the theft of precious metals. All the relevant role-players need to agree on a standard in order to facilitate a comprehensive method for calculating comparative data for analytical purposes. In addition, there should be consistency within the industry regarding the interpretation of the definitions of crimes, as well as what is recorded as an actual recovery in relation to what is considered a potential loss.

Social development: Security measures are only one solution to counter the theft of precious metals: they can help prevent theft by making it difficult to gain access to protected product, but they cannot stop the phenomenon completely. Poverty and unemployment have been found to be the main contributors fuelling criminal behaviour. Social development is therefore an important method of countering crime more holistically. Some mining houses already participate/contribute to social upliftment in their communities. Most of the mine's workforce will also benefit from better housing, schools and infrastructure in the community.

Education on relevant issues: Analysis of the data obtained through the study led to the belief that there should be more comprehensive education on relevant issues in the mining industry. A number of mineworker respondents did not interpret questions relating to theft correctly, did not seem to realize that theft poses a threat to job security and seemed reluctant to report any observed cases of theft. The survey indicated, however, that they do believe they can play an important role in the prevention and investigation of crimes.

Minimum sentencing: The cases received for analysis indicated little or no consistency regarding the sentences imposed for precious metals theft. It is suggested that the mining industry, in conjunction with the Justice Department, should explore minimum sentencing legislation for precious metals theft.

Specialized courts: Conviction rates increased significantly after specialized criminal courts were instituted to handle commercial crime cases. The mining industry should approach the Justice Department to determine if the same model could be implemented for precious metals–related crimes.

For more information please contact;
Bethlehem Solomon
Researcher | Centre for International and Defence Policy (CIDP)
Queen's University
138 Union Street, Kingston, Ontario, Canada K7L 3N6
Tel: (647) 923-7993
Email: 12wbs@queensu.ca
Website: www.queensu.ca/cidp

[i] https://c.ymcdn.com/sites/irmsa.site-ym.com/resource/resmgr/2015_Risk_Report/Low_Res_IRMSA_South_Africa_R.pdf