

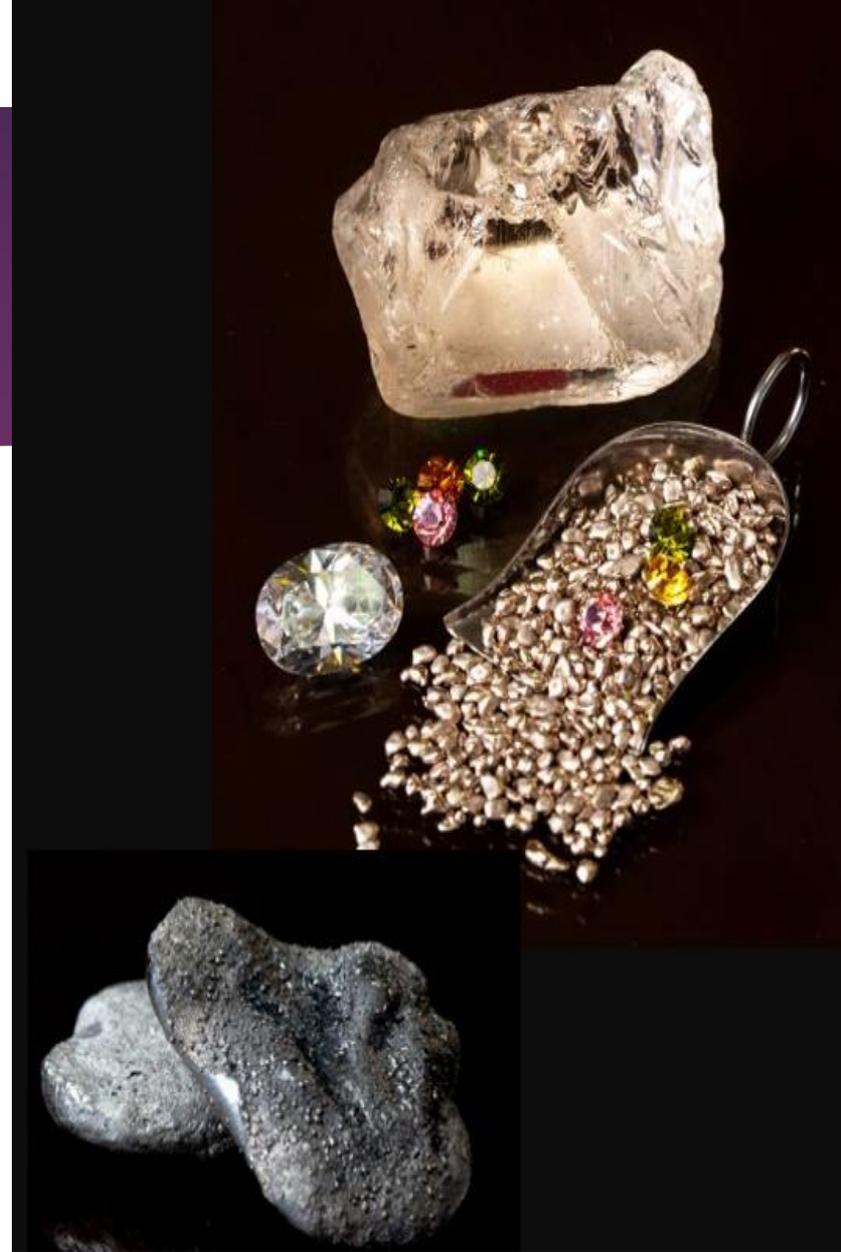
SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR (SADPMR)

PRESENTER: MRS. TINY MATHIBENG

(011) 223-7000 / tinym@sadpmr.co.za

**INSPECTORATE MANAGER: MINERAL
(GOLD) VALUE CHAIN WORKSHOP IN
ANGOLA**

•18 APRIL 2024



**SOUTH AFRICAN DIAMOND AND
PRECIOUS METALS REGULATOR**

OUTLINE

- ▶ Legislation and legal framework, regulations thereof for the precious metal industry in South Africa
- ▶ Generic Mineral Value Chain
- ▶ Local beneficiation/Enterprise development



BACKGROUND POST 2007

- The SADPMR established in 2007 is a public entity that classified as a Schedule 3A entity it's a Regulatory body reporting to Department of Minerals and Energy Resource in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) in terms of section 3 (2). Mandated to regulate the possession, purchase, sale and processing of diamonds and precious metals, appointed Authority for the implementation of KPCS in South Africa, and also facilitating the import and export of rough and polished diamonds at the DEEC
- The following are the applicable legislation available on the internet, it's a public document anyone can access this Act especially for the downstream mineral value chain.
- ❑ **Amendments to the Diamond Act 1986, (Act No 56 of 1986) by the as amended below;**
 - Diamond Act, 2005 (Act No 29 of 2005) (1st amendment)
 - Diamond Act, 2005 (Act No 30 of 2005) (2nd amendment) and
 - Diamond Act 2007 (Act No of 2007) (3rd amendment)
- ❑ **Its Objectives of Diamond Act, 2005 (Act No 29 of 2005), is to:**
 - ensure the diamond and precious metals resources are exploited in the best interest of people of South Africa
 - promote equitable access to and local beneficiation of the Republic diamonds and precious metals.



BACKGROUND POST – 2007

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- ❑ The Precious Metals Act, 2005 (Act No 37 of 2005), repealed the Mining Rights Act, 1967 (Act No 20 of 1967).

- ❑ The South African Diamond and Precious Metals Regulator regulates the downstream precious metals industry by the way of issuing various precious metals licences/permits and certificates.

- ❑ **Its Objectives of the Precious Metals Act, 2005 (Act No 37 of 2005), is to**
 - ensure that precious metal resources of the Republic are exploited and developed in the best interest of the people of South Africa.
 - promote equitable access to, and local beneficiation of the Republic's precious metals.
 - promote the sound development of precious metals enterprises in the Republic, and
 - advance the objectives of the broad-based socio-economic empowerment as prescribed.



SOUTH AFRICAN DIAMOND AND PRECIOUS METALS REGULATOR

MISSION

- A vibrant and sustainable downstream precious minerals industry within South Africa.

VISION

- To regulate and promote the diamonds and precious metals industries in the best interests of the people of South Africa by transforming downstream industries, promoting local beneficiation, ensuring equitable access and enforcing compliance with legislation.



Legislative mandate (licensing regime)

Precious Metals

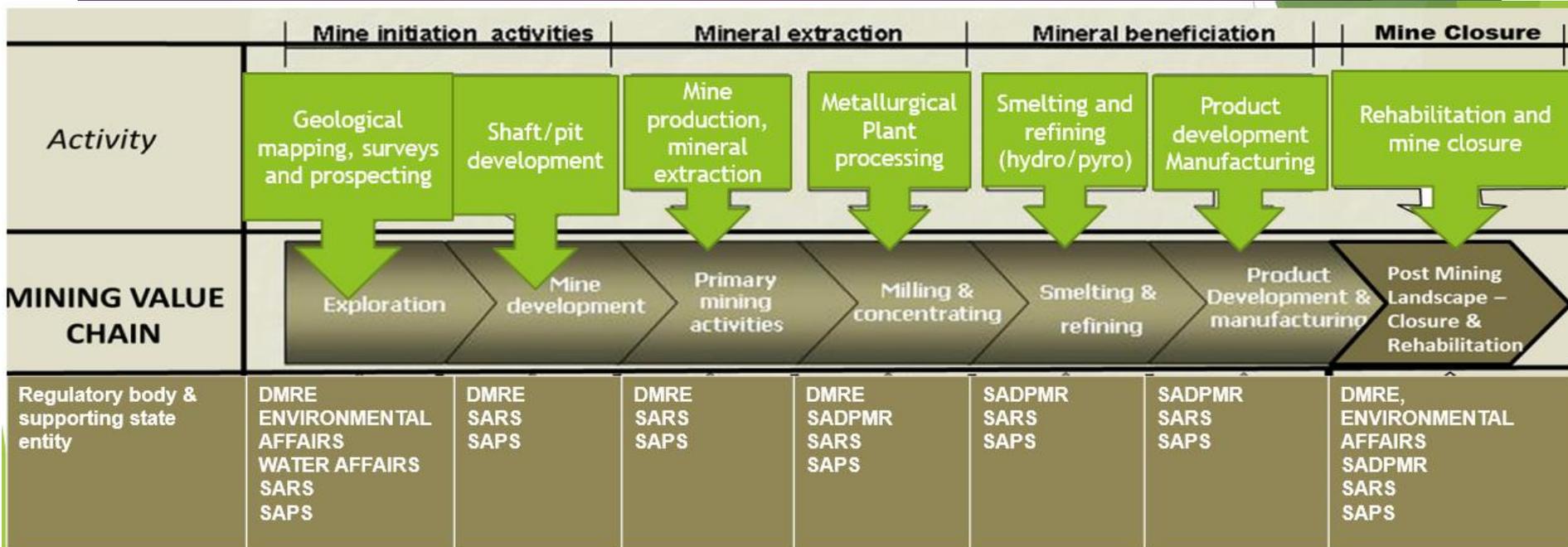
- Precious Metals Refining
- Precious Metals Beneficiation
- Precious Metals jewelers Permit
- Special Permit
- Precious Metals Certificate
- Import/ Export permits

Diamonds

- Diamond Dealers
- Diamond Beneficiation
- Diamond Research
- Diamonds Trading House
- Diamond Certificate
- Temporary Buyers permit



Precious Metals Generic Mining Value Chain



Precious Metals and Minerals Production 2021/22

PLATINUM GROUP METALS (PGMs)



277 951 Kg
produced



R23,3 Bn in local
sales (15,698 kg)



171,568 direct
employees

GOLD



98,278 Kg
produced



R5,3 Bn in local
sales (5,766 kg)



93,998 direct
employees

DIAMONDS



10,9 Mn. Carats



R11,7 Bn in local
sales (2,928 Mn.
Carats)



12,900 direct
employees



FUNCTIONS OF INSPECTORATE DIVISION

BENEFICIATION

- Beneficiation strategy
- Provide advice in relation to beneficiation licences & minted bar applications
- Evaluate import and export permits/ licence applications

DIAMONDS AND PRECIOUS METALS

- New premises inspections
- Follow-up inspections

ENFORCEMENT

- Joint inspections with Law Enforcement agencies such as SAPS intelligent crime unit and SARS
- Collaboration with stakeholders and ensure enforcement

TRANSFORMATION

- Enterprise development projects
- Data collection to measure the level of transformation

DATA ANALYSIS

- Receive and record submission precious metal registers
- Capture and analyse content of Precious Metal Registers



FUNCTIONS OF INSPECTORATE DIVISION

- Monitor and enforce compliance with the Precious Metals Act, 2005, and the Diamonds Act, 1986.
- Monitor trade transactions through analysis of prescribed registers and generates statistics;
- Measure transformation and compile assessment reports on transformation in the diamond and precious metals industry;
- Facilitate access to industry by aspirant entrepreneurs in collaboration with industry through enterprise development programme;
- Promote beneficiation through the implementation of the SADPMR Beneficiation Strategy.



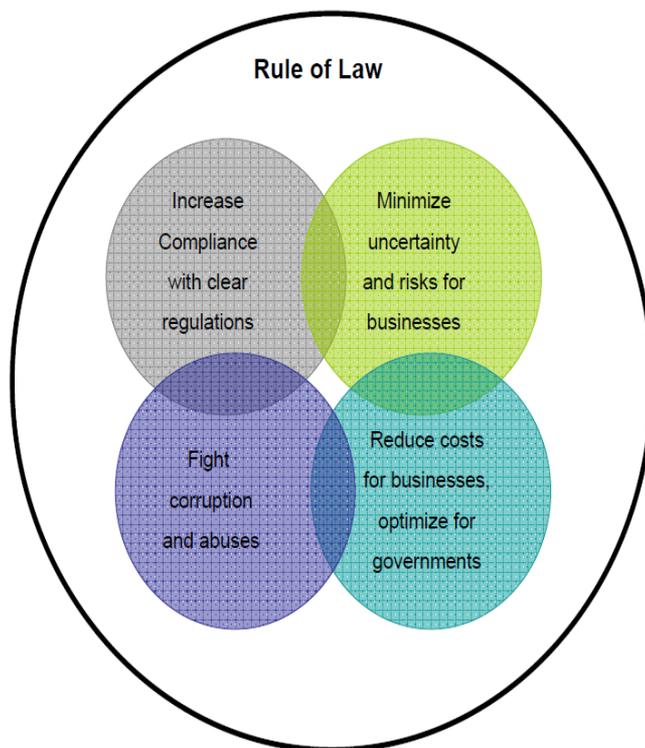
Major challenges in implementation of the legislation?

- ▶ Illicit trading
- ▶ Local beneficiation and transformation
- ▶ Accurate statistics and data analysis
- ▶ Loopholes in the legislation
- ▶ Limited access to finance
- ▶ Access to markets
- ▶ Access to minerals resources



ADOPTED COMPLIANCE INSPECTION METHODOLOGY

- ▶ An inspection can be seen as a process that starts once a government regulation has been adopted, focuses on reducing non-compliance, and ends with the resolution of any compliance problems.



Business or Enterprise development: Value creation and future plans



- ▶ A key mandate of the SADPMR is to measure and promote transformation within the sub-sector by facilitating access of aspirant entrepreneurs through enterprise development programmes (EDP's)
- ▶ Currently the SADPMR has 11 sustainable projects supporting SMME development through eco-system support and industry participation



The future outlook of skills development in the Jewellery Manufacturing sub-sector

- ▶ Entrepreneurship is and will always be a major driver of the modern global economy
- ▶ South Africa's current economic trajectory is unsustainable. At late we have seen an increase in unemployment, economic growth that has stagnated and alarming inequality figurers
- ▶ South Africa has identified the needs to invest in creating conditions for higher long-term sustainable growth transformations that should promote economic reform, support labour-intensive growth and create a globally competitive economy



Future outlook

- ▶ Digital Transformation
- ▶ Skills Development
- ▶ Sustainable and Ethical Concerns
- ▶ Government Support and Industry Collaboration



Future plans

- ▶ International luxury goods markets
 - ▶ Middle East: US\$15,85 billion (expected to double by 2030)
 - ▶ Chinese : US\$287,3 billion (expected to reach US\$ 391.5 Billion by 2028)
 - ▶ North America: US\$ 96.29 billion (expected to reach UD\$ 135,50 billion by 2028)
 - ▶ The Asian market will require mass production of high-quality jewellery ready to be shipped within 7-14 days.

- ▶ **SA Luxury goods market**
 - ▶ USD\$783,80 million



Recommendation and leveraging on natural Resources

- ▶ Invest in enterprise development beneficiation programmes for jewellery and other industrial applications(to drive industrialization.
- ▶ Prioritise youth skills development within the fabrication industry, create manufacturing HUBs
- ▶ Create and foster partnership with private and public sector for both local and international stakeholders
- ▶ Localization of technology
- ▶ Marketing and awareness opportunities, by the way of workshops, exhibitions etc
- ▶ Create funding models for SMMEs

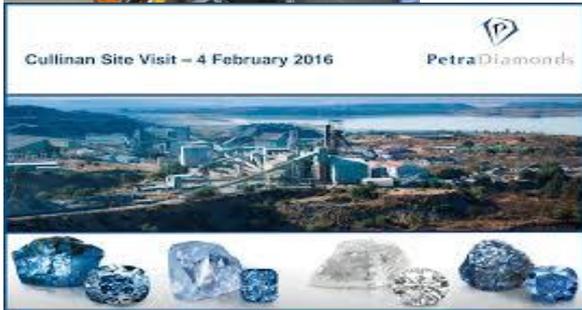


Closing Statement

- ▶ Local Manufacturing or industrialization is a promising sector for sustainability, job creation, alleviate poverty and positive economic growth
- ▶ “From creating start-ups to igniting revolutions, young people have been toppling the old structures and processes that govern our world. Just imagine what solutions might be found if young people are given the space and encouragement to participate and lead”- Kofi Annan (former Secretary General of the UN)



End of Presentation



Dibenyaya

Fumaña
JEWELLERS' COLLECTIVE



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