



ILLEGAL MINING

FACT SHEET 2017



Illegal mining is on the rise in South Africa and presents multi-dimensional challenges that need to be addressed from a range of perspectives, as well as in a collective multi-disciplinary approach.

Illegal mining activities take place on the surface and underground, and manifest at closed off mines, abandoned mines and in many cases even at operating mines.

Illegal miners frequently risk their own health and safety as well as that of others, by entering mostly abandoned shafts and sometimes operating shafts, traveling as far as 4km underground, where they live for several days at a time.

THE SURGE IN ILLEGAL MINING IS TWO PRONGED:



South Africa's socio economic environment is troubled, there is an increase in unemployment, poverty and the entry of large numbers of illegal immigrants into the country.



It was initially based on the surge in the gold price during the bull market of the first decade of this century. Despite the fall in the US\$ gold price since 2011, the rand gold price has held sufficiently steady to keep illegal mining profitable



There are limited resources at the disposal of law enforcement agencies to stem illegal mining, such as police, immigration, border controls and prosecuting authorities.



QUICK FACTS

70% of all arrested illegal miners are undocumented foreign nationals and predominately from Lesotho

The annual commercial value of illegal mining, and illicit dealings in precious metals and diamonds is estimated to be over R7 billion

1ST TIER:

The underground workers, mostly illegal immigrants, do the physical mining. Many have worked in the mines previously. They use chemical substances to primitively refine the product.

2ND TIER:

The buyers on the surface around the mines. They also organise the level one illegal miners and support them with food, protection, and equipment.

3RD TIER:

The regional bulk buyers who usually are entities which in most cases have permits issued in terms of the Precious Metals Act to trade in precious metals.

4TH TIER:

Those who distribute nationally and sometimes internationally, through front companies or legitimate exporters.

5TH TIER:





The top international receivers and distributors, usually through international refineries and intermediary companies.

Illegal mining is often organised and carried out by organised crime syndicates. Illegal miners, known in South Africa as zama zamas, are often heavily armed and where trespassing on operating mines set ambushes and booby traps for employees, security and rival groups of illegal miners. Following the severe drought in 2016, the excessive use of water by *zama zamas* to process the gold bearing material became apparent which directly impacts on local communities.

Illegal miners openly flout personal health and safety to open cement-plugged shafts with explosives on abandoned mines or live underground for extended periods of time, without necessary protective gear, once they have gained access to operational mines. In operating mines, these *zama zamas* pose severe risks to legitimate mine employees, to safety protocols, to shaft infrastructure and stability, to equipment, and ultimately, to the business.

Primarily as a result of their illegal mining activities feeding into the illicit trade of precious metals and diamonds, coupled with the lucrative high financial returns, compared to routine lawful employment, these *zama zamas* continue risking their lives, and the lives of others, even though the real economic value of their efforts is not realised. This has created a lucrative secondary informal syndicate market supplying commodities which include food, liquor, prostitutes, mail, etc. Because they serve organised criminal bosses, the miners taking these risks do not often realise the real value of their efforts as the crime bosses take the bulk of the profits. The illegal mining market is a well managed 5-tier syndicate system.

ILLEGAL MINING HAS A RANGE OF NEGATIVE SOCIAL AND FINANCIAL IMPACTS:

	Many illegal miners have lost their lives in accidents, often being buried alive
	They tend to use extremely environmentally unfriendly and unhealthy refining methods
	Where they trespass on operating mines to do their work, it results in loss of revenue, taxes, employment opportunities, capital expenditure, exports, foreign exchange earnings and procurement generated by legal mining.
	Mining communities suffer as they become riddled with related crime such as bribery, violence against workers and management, and child labour.



The Chamber has recognised that the only way to deal with the problem is to focus on both the supply and demand side of illegal mining, i.e. all 5 levels of the syndicates need to be addressed.

While local police and mine security deal with tiers one and two, the Chamber of Mines, assisted by the Standing Committee on Security, the South African Police Service, the National Coordinating Strategic Management Team and the Department of Mineral Resources are working to identify and deal with the level threes, fours and fives that constitute the buyer market nationally and internationally. This work is undertaken hand-in-hand with international agencies such as the United Nations Interregional Crime and Justice Research Institute, European police, Interpol and international embassies.

The Chamber of Mines has a long-established Standing Committee on Security (SCOS) through which its members deal with all issues relating to security at mines and product theft from mines. The SCOS led to the establishment of the multi-stakeholder National Precious Metals Forum (NPMF) over a decade ago. The NPMF consisted of representatives of mining companies, the Chamber, SAPS (various branches and its forensic science laboratory), the South African Precious Metals and Diamonds Regulator, Rand Refinery and the National Prosecuting Authority. In 2014, the NPMF was replaced by the National Coordinating Strategic Management Team (NCSMT) which is chaired by the National Intelligence Coordinating Committee (NICOC).

STANDING COMMITTEE ON SECURITY/NATIONAL PRECIOUS METALS FORUM INITIATIVES INCLUDE:

Establishing a precious metals finger-printing database at the SAPS forensic laboratories

- Formal agreement between the Chamber of Mines, mining companies and the SAPS
- According to the Precious Metals Act, samples must be submitted every six months or when called for
- Can determine where gold/platinum has originated from
- Highlights problem areas/trends

Created a special investigative task force

- Included mining companies and SAPS
- Investigated syndicate activity at national and international level
- Worked with international agencies (such as UNICRI, European police and Interpol) and international refineries
- Joint operations are still conducted on an ad hoc basis and when necessary between mines' security and the SAPS National Task Team

“About 14,000, people are estimated to be involved in illegal mining.”



OTHER NATIONAL AND INTERNATIONAL INITIATIVES

Illegal mining was identified in South Africa as a national threat and a special multi-agency team (NCSMT) was convened to coordinate government's efforts against illegal mining in South Africa and beyond.

South Africa and the Russian Federation have since engaged in talks with the United Nations Interregional Crime and Justice Research Institute (UNICRI) and the United Nations Office on Drugs and Crime (UNODC) to develop a global strategy to assist in dealing with the phenomenon. This initiative will bring together all the different national, regional and international public and private actors and design a common strategy to disrupt the value chain of these syndicates on all tiers.

In April 2013, South Africa tabled a resolution dealing with the combating of transnational organised crime and possible links to the illegal mining of precious metals. In July 2013, at the 22nd session of the UNODC Commission on Crime Prevention and Criminal Justice in Vienna – which was co-sponsored by Russia, Zimbabwe, Namibia, Ghana, Belarus and Colombia – the resolution was adopted by the Economic and Social Council (ECOSOC). The ECOSOC is concerned with the growing involvement of organised criminal groups, as well as the substantial increase in the volume/rate of transnational occurrences and range of offences related to the illegal mining of precious metals in some parts of the world. The resolution further stressed the need to develop comprehensive, multi-faceted and coherent strategies and measures, including both reactive and proactive measures, to counter illegal mining.

LOOKING AHEAD

Notwithstanding the challenges experienced in addressing the complexity of illegal mining and the transnational trafficking of precious metals and diamonds, no single stakeholder can address the challenge of illegal mining on its own – collaboration is key. The past year has seen a new trend of illegal mining encroaching onto the diamond fields in Kimberly as well as chrome mining in the Limpopo district. Evidence of illegal mining in the coal industry has also become apparent. The mining industry, individually and through the Chamber of Mines, remains committed to working with other stakeholders to address this serious challenge.



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