

Nationalisation is off but mine taxes are on

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21 Dec 2012

Higher taxes for mining and pricing and excise controls over "strategic minerals" are two measures the African National Congress (ANC) conference has endorsed as part of the party's new economic policy.



The ANC economic transformation commission prepared a draft resolution for debate by the conference plenary. However, the plenary was delayed due to a storm with the resolution only due to be debated and adopted by delegates on Thursday (20 December).

Although it is described by the ANC in a carefully crafted compromise as a policy of "strategic nationalisation", the momentum for nationalisation in the form of state ownership of companies, which has been vociferously pursued by the youth league and some trade unions for the past two years, was virtually absent from the conference. A senior ANC leader said the "nationalisation debate was dead".

The draft resolution is very similar to that adopted by the ANC at its policy conference in June. On mining taxes it says that "the state must capture an equitable share of mineral resource rents and deploy them in the interests of long-term economic growth, development and transformation".

Although it has been mooted in an ANC research document that this should take the form of a "supertax" on windfall profits, the formulation leaves the precise nature of the tax open for further refinement.

Deputy Finance Minister Nhlanhla Nene said earlier that the government would not be reckless in changing the tax regime and would consult with the mining industry.

The Treasury is known to oppose the supertax option by the state, as it fails to take into account the volatile nature of commodity prices and other variables.

The conference was also set to adopt a policy enabling the state to designate certain minerals as "strategic" to advance development and industrialisation.

The list of minerals is not spelled out, although on previous occasions coal and iron-ore have been mentioned as being in line for strategic designation.

Trade and industry director-general Lionel October said on Thursday (20 December) that the ANC was aware the term "strategic nationalisation" was regarded with suspicion by the markets and the commission had suggested that this be better defined.

"The idea really is to be able to use our mineral wealth to promote industrialisation and manufacturing. It is not about state ownership," he said.

Other participants in the commission said the term "strategic nationalisation" was a carefully crafted compromise reached at the June policy conference and could not easily be changed.

Other areas of focus for the draft resolution included a strong endorsement of the National Development Plan, drawn up by the National Planning Commission. Planning Minister Trevor Manuel who said the plan had received "a very warm reception" from delegates.

No changes to South Africa's macroeconomic policy are on the cards.

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