

# ESSENTIAL FOR LONG-TERM STABILITY

## In short:

The MD of MIP Process Technologies Philip Hoff is outspoken in his support of black economic empowerment. In this article, he discusses some of the issues with MRA.

While corporate social investment (CSI) is considered an acceptable and in many cases a desirable practice, the discipline of black empowerment (BE) is considered by many businesses in South Africa to be 'grudge' spending, and impertinent interference by government in the right of businesses to manage themselves to their best advantage.

For his part, Philip Hoff is a keen advocate for BE, which should be seen, he explains, as part and parcel of normal CSI practice. "And its promotion needs to be continued." Sometimes the government is criticized for applying pressure to mining houses to improve their BE ratings, he adds. However, Hoff strongly asserts that this is the correct direction for South Africa.



Philip Hoff

"Anyone who does not understand the underlying need for redress through the mechanism of BE is being somewhat naïve," he adds.

He points out that social redistribution similar to BE is practiced in various guises in many countries worldwide. Other countries also have their own particular laws to suit their singular requirements. For example, as a form of enforced social investment, countries such as Namibia and Zambia impose certain taxes.

Throughout Africa, empowerment imperatives are being embodied in the New Africa Vision. This initiative has been driven by the fact that mineral resources are finite, and

that countries want to have a larger share of the wealth generated from these resources before they are depleted. The thinking is that wealth can be invested in the future advancement and stability of the countries concerned.

"And yet in South Africa, some corporates choose not to comply with BE legislation, as they don't see the observance of BE as part of their core business," Hoff explains. This is not only socially irresponsible but is also illegal. What is also in direct contravention of BE laws are the many stratagems that some companies use to circumvent this legislation.

As a first point of departure, South Africans need to support their fellow countrymen. National pride and the urge to place South Africa and South Africans first is a completely acceptable practice as it is in any other country, he explains.

"You don't drive a German car in France unless you want to attract some fairly hostile attention," Hoff adds.

However Hoff adds the caveat that those that benefit from BE should also be aware of the responsibility that this carries with it. "There is a perception in industry of BE companies that their BE status is often a pretext for inefficiency. For this reason, BE suppliers need to be above average in all aspects of their businesses.

A spin-off of the enforcement of BE legislation is that it tends to support the formation of small businesses which tend to be the engine that drives successful economies.



Vezin samplers are a recent addition to the MIP product range.

“A country is better off having the market diversity of ten smaller companies, which are invariably a lot more efficient, than one big company that controls the market and has a monopoly.”

In the mining industry, unfortunately, barriers to entry are very high, so not everyone can start a small fabrication shop or engineering works. So it is important that the major mining companies support smaller fledgling BE-type companies.

“Critics of BE fail to understand that if you want to do business in this country, you have to be part of ensuring its long term-stability. Long-term stability is only achieved if everyone has a fair reward for their contribution,” asserts Hoff.

Although the mining industry might only directly contribute 5.2% to GDP, many other sectors such as manufacturing, services, transport, construction and finance all derive very significant benefit from providing goods and services to mining companies. “So its contribution to GDP is much larger in reality,” says Hoff.

As Hoff is outright owner of MIP, his company scores 100% on black ownership, and 100% for black management. When MIP was established in September 2007, one of its founding philosophies was to be a fully BE compliant company. On start up, the company achieved Level 2 BE status and soon afterwards promoted its status to Level 1, the highest level that can be achieved. However, Hoff sees that it is important that MIP goes a long way beyond bare compliance with BE legislation.

In its observance of the BE codes, MIP also scores strongly. For example, in terms of skills development, MIP also annually sponsors a black student at Stellenbosch University with bursary to study chemical engineering.

Other CSI initiatives of MIP’s involve formal support for the disabled and for a company that trains deaf people and puts them back into the working environment. There is also support for organisations such as Jicama, an



MIP plant can function efficiently in the harshest weather, as occurs in the mountains of Lesotho.

educational and social upliftment organization, as well as Boys and Girls Town and the Salvation Army.

“Then, as I like animals and promote their welfare, MIP supports an organization that puts up owl boxes as well as sponsoring certain animals at the Pretoria Zoo,” he adds.

Overall, MIP’s approach to CSI and BE reflects the way it does business and the manner in which it interacts with companies with which it partners. “We see our involvement in BE and CSI reflecting the ethical, responsible and sustainable way in which this company does business,” concludes Hoff. **MRA**

#### MIP IS MOVING

MIP has outgrown its current rented premises and has taken the step of buying its own office block, not far from its current location in Rivonia. “As we have grown from a small to a medium company, we have had to reorganize our company structure, and the new building is part of this re-organisation,” says Hoff. He looks forward to welcoming his clients in more spacious premises.



MIP flocculant plants play an essential role in the efficient functioning of many metallurgical complexes.