



Media Statement by Bench Marks Foundation
Inaccurate reporting by Platinum companies a threat to sustainability

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For immediate release

There is a lack of accurate reporting of contract worker numbers and their wages in the platinum industry, which is in breach of the legislation, says Bench Marks Foundation's Executive Director, John Capel at the launch of its latest report, Policy Gap 7.

The research report, launched in Kempton Park today, focuses on corporate social responsibility and mining, with particular attention to Lonmin's reporting of itself over a period of around 10 years in its Social Development Reports.

Bench Marks is an independent organisation that monitors corporate performance in the field of corporate social responsibility with the focus on social sustainability and economic empowerment.

"We have done extensive research on this sector over the past twelve years and most recently this 10 year review on Lonmin Plc's Sustainability Development Reports to society and have found that although obliged by law to report accurately about their employee numbers and wages, most of the companies do not.

"Research shows that the bigger the company, the less accurate is their contract labour data, especially when it comes to the reported wage bill. Majority of the wage levels for contractors are guesstimates made either by staff or by the companies themselves.

"They also use hundreds of subcontractor firms," says Capel.

"Through our work in this field, we have managed to piece together a fairly accurate reflection of the numbers of contract workers in the sector: approximately 30% of the workforce in platinum mines is contract labour. This is in stark contrast to the 10 – 15% in the gold mining sector".

Capel says the companies tend to use contract workers as a means to lower the cost to the company's shareholders. On average contract workers earn 60% of what permanent workers earn.

"Whilst investigating Lonmin, we discovered that since 2002, 20% to 25% of the company's workforce has been contract workers and the proportion grew to over 30% in response to the 2008-2009 Global Economic Crisis.

"Anglo American Platinum on the other hand has, since 2008, retrenched all types of employment contracts, with the majority coming from contract labour. This, however, is not the norm for the industry.

“We find that many contract workers do the same work as permanent workers, such as rock drilling, but they do not get the same benefits that permanent employees get. Nor the same kind of employment protection.

“Although the level of mine worker incomes is a crucial factor for social and political sustainability, as we saw last year with the Marikana massacre, we noticed that in most of the Sustainability Development Reports we have looked at over the years, labour cost strategies are always scant.”

Capel says that pledges of transparency and accountability don’t stretch to wages. Wages are a crucial sustainability issue, yet none of the companies report this in their sustainable development reports as is common in the Northern hemisphere.

“For contract labour and labour broking, the books are not in order. We are forced to approximate wage levels from tables on employment and total labour costs, which are also not accurate.

“From these tables, we see a tendency towards successive cuts in average pay increases.

“Looking through Lonmin’s reports, the calculations based on total employment and total labour cost per year – which are rough estimates provided by the company – give an erratic curve, but indicate successful cuts in average pay increases per Lonmin employee between 2009 and 2011, probably as a result of their contract worker strategy.”

“The lack of accurate reporting is a problem that needs to be sorted out quickly,” says Capel.

“Without a sustainable human resource strategy, there will be no sustainable mining in South Africa. It is impossible to develop any strategy without accurate information.

“DMR must enforce accurate reporting on employment of contract workers in the industry by putting in place a well-resourced monitoring and auditing system and punishing inaccurate reporting”.

“In addition”, says Capel, “the use of extremely low paid contract workers in regular production must be abandoned by the industry”.

To access the Bench Marks Foundation’s various research documents, including the latest document, “*Policy Gap 7*, an in-depth study on Lonmin from 2003 to 2012 – Coping with Unsustainability” go to www.bench-marks.org.za or contact the organisation on 011 832 1743.

Notes to editors:

Bench Marks Foundation is an independent non-governmental organisation mandated by churches to monitor the practices of multi-national corporations to

- ensure they respect human rights;
- protect the environment;
- ensure that profit-making is not done at the expense of other interest groups; and
- ensure that those most negatively impacted upon are heard, protected and accommodated within the business plans of the corporations.

Archbishop Desmond Tutu launched the Foundation in 2001 and the Rt Rev Dr Jo Seoka chairs the organisation.

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