Little focus on miners' plight

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Amcu members marched to Impala Platinum head offices in Illovo to hand over a memorandum regarding their salary demands. Picture: Matthews Baloyi.

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Johannesburg - So much has been said yet so little about the ongoing strike involving 70 000 platinum workers. We hear how much the companies are losing in lost production. How much workers are losing in lost wages. Anglo Platinum is threatening closure of mines and Impala, mechanisation, and so the story goes. Workers are demanding a phased-in increase over four years to R12 500 a month. The platinum producers have now made a move to meet the workers' expectations. This is positive but will it bring lasting peace and does it go far enough?

The presidential address said how “we have a good story to tell” but not for mine workers, or for that matter any worker in South Africa. Government spokespersons say there are political instigators. Other commentators blame the labour relations framework. None of this tells us much about why 70 000 workers returning after the Christmas break, broke, would embark on such a long strike.

Is it possible for agent provocateurs to incite workers to go hungry, so that their families suffer? No doubt the government and to some extent the industry would like to believe this. It seems the government use this argument to distance itself from any blame or responsibility.

The government convenes meetings around the mining peace accord, to be seen to be doing something. One of the major unions, the Association of Mineworkers and Construction Union (Amcu), is not present even though the National Union of Mineworkers (Num) and Chamber of Mines are present. They are stuck in an old mindset and talk only about the labour relations framework and centralised bargaining.

Marikana witnessed a changing point in the country. It said we no longer accept the status quo. We want a better life and are prepared to die for this ideal. This broader message is being lost. And while the Farlam Commission deliberates, the country burns. We need to learn the lessons now.

Are workers unrealistic in what they want? What they feel is fair and just remuneration? Is it true that the industry cannot afford it? Stockpiles of platinum continue to supply the markets; profits keep coming in, yes, but it seems now they are drying up. We hear cries that the strike is affecting investment and Amplats says it is reviewing its platinum operations and imply it will disinvest. Is it possible? No! It is difficult to sell operations marred in strike action. It’s too risky. And many of their shafts are nearing the end of their life.

The longer the strike goes on, the harder it is to get them operational again. So perhaps Amplats wants to sell but knows that firstly they have to settle the risk issues. Let’s hope not as the social and environmental remediation needed if sold to a junior player will leave the area devastated.

Just look at the greater Johannesburg legacy of acid mine water and the billions it’s going to cost to remediate.

The other threat is to mechanise. Johan de Lange of Miningmx does not believe that the future of mining lies with fewer workers. He says: “Mechanisation is another old ‘solution’ that is now gaining ground again.

“This is a false way of distracting attention if there ever was one. In the junk yards at virtually every one of the country’s most famous gold shafts, and platinum shafts nowadays too, there are thousands of tons of steel exposed to the wind and the weather – machines bought for billions for “mechanisation”, but removed a year or two later and dumped as scrap because mechanisation causes a shaft’s production to drop drastically. Two of the latest examples of these expensive experiments are Hossy and Saffy, Lonmin’s two largest shafts just a stone’s throw from Marikana. This is an expensive way of learning” (de Lange, 2012).

Let us turn to the industry. While the government is failing to regulate the industry effectively, the predominant culture within mining in South Africa remains essentially unchanged from what it was under apartheid, and the industry seeks to blame everyone else except itself for the challenges that it faces. The labour unrest is merely symptomatic of a deeper malaise underpinning mining in South Africa.

Cosmetic changes in ownership and BEE participation have not translated into anything meaningful for workers and communities. While communities contest the way companies have gone about empowering an elite, at their expense, workers want a bigger share in the wealth they produce. Is it out of greed, or sheer desperation? The Bench Marks Foundation's studies clearly shows the appalling living conditions and the long hours of work which include travel to and from work.

Mine workers complain about the desperate working and living conditions and their health. They essentially sacrifice their lives at the altar of profits that they do not share in. Coupled with this is the direct impact mines have on the health and welfare of communities and their livelihoods. Land contestation and land disputes and dispute over royalties further fuel this volatile situation and communities have little redress. This second frontier cannot be ignored.

At the same time these mining houses all talk of sustainability yet ignore wages as a sustainability issue. Even workers receiving the living allowance cannot afford decent accommodation. But all we really hear about are investor expectations. This is based on short-termism and quick and high returns. During the good years, at least over a 20-year period up to 2008, the industries' average operating margin for the three biggest platinum producers returned close to 30 percent. The long-term cost on equity in South Africa is 14 percent.

South African non-financial firms are "highly profitable", commented the International Monetary Fund in its 2012 Article IV Report on South Africa. With about 12 percent to 13 percent "return on assets", South Africa comes third among 19 developing countries. Perhaps the problem begins here? Workers are aware of what chief executives earn and the huge profits that have been generated. They then look at themselves – they live in squalor, barely eking out an existence. In good times profits to shareholders constituted 70 percent with workers receiving only 30 percent of the wealth generated.

Mining corporations operating in South Africa claim that poor education and low productivity makes for poor wages. And that health and safety stoppages and worker strikes further contribute to low productivity and profitability, and hence low wages. This does not seem to be borne out by the facts as sown by Dick Forslund, who writes:

“Labour productivity – measured by the Reserve Bank as total value added, or as gross domestic product (GDP), per formal employee – fell during 1990-1993, but has increased from the start of democracy at little more than three percent on average, year on year. From 1998 until today, on average, annual real wage increases have been one percentage point lower than the increase in labour productivity.

“A three percent annual increase of gross domestic product per employee – labour productivity – is above increases in labour productivity in many industrialised high income countries.

“Compared to other middle-income countries, South Africa has a relatively strong average labour productivity”, writes the Organisation for Economic Co-operation and Development in a July 2008 Policy Brief. (Forslund, 2012).

Forslund shows that real wages has remained stagnant, or even declined despite productivity increases. “The South African Reserve Bank reported in its latest Quarterly Bulletin that labour productivity is going up, as it has since 1994. The increase was 1.1 percent from June 2010 to June 2011. Real wages remained stagnant at 0 percent for the same period. If real wages grow slower than labour productivity, the wage share of the national income drops, and this has been the case since 1998.” (Forslund, 2011).

Something is therefore amiss as evidence says workers are not better off, and in real terms their wages have stagnated or declined. At least the move by the big three platinum producers now gives some legitimacy to workers' claims for a living wage.

The culture of the industry has changed very little, other than with a bit of tinkering here and there; it is macho culture, steeped in ideology that treats workers as sub-human and as a cost to the company. The empowerment cosmetic changes have done little to improve the lives of workers or of the impacted mining communities. Even black management refer to workers as “boys”.

In 1998, after the promulgation of the new labour relations framework, this same industry responded by retrenching 80 000 gold mine workers. At a high-level meeting of Business Unity South Africa at the time it was said: “Let them have their labour laws – next year we'll give them hell with lay-offs”. Let's hope that the same backlash is not coming down the line.

This is an industry crying foul over the lengthy strike which is post-apartheid – South Africa's most drawn-out labour dispute to date. But it has taken them 13 weeks to table a counter offer to Amcu revised demand. By no means is it irrelevant.

The government has not helped but has sowed confusion, by talking of demagogues fuelling the strike and by not examining the socio-economic underlying issues. These ill-informed comments are at the most to shirk responsibility. Now that negotiations have resumed, when are we going to hear something constructive coming from the government?

Instead of playing the blame game, the government should recognise that their transformation initiatives in mining are exacerbating the plight of workers and communities. New thinking is now needed that encompasses workers and impacts communities so that they are better off and benefit from mining. This requires a complete overhaul of the black economic empowerment framework. Instead of focusing on the development of the elite and high profile politically connected people, the focus should be on workers and impacted communities.

The platinum industry was quite prepared to negotiate individually at each operation. Perhaps this would have brought about an earlier settlement. The focus on centralised bargaining and a cartel approach of fixing the price of wages across the platinum sector only prolonged the strike. According to Amcu, behind closed doors, Lonmin was prepared to offer a 15 percent increase.

This obsession with centralised bargaining by the firms in a sector where company level negotiations were the norm, will not address issues effectively. Perhaps negotiations closer to the rock face can address each reality of different category of workers.

Different categories of workers have different needs. Plant level negotiations can address this. This can affect the better performing companies offering better settlements. It can also challenge worse performing companies to improve their management and long-term planning, and not wait for shafts to be near end of life before planning new shafts. This is the case with Lonmin, according to their data.

Then we cannot ignore what Marikana taught us: that broader socio-economic transformation is needed. Mark Cutifani, Anglo American's chief executive, says, "Marikana was a symptom of a much greater issue that needs us to engage and work together to find collective solutions. The simple fact is we need each other if we are going to realise our great potential..."

Nice words but meaningless unless informed by concrete actions.

The government needs to intervene and do the right thing. Amcu now needs to give leadership with the latest concession by the big three platinum companies. Yet they must remain on their guard against retaliatory actions and possible mass retrenchments later on.

John Capel is Executive Director-Bench Marks Foundation.