
South Africa's Mining Industry: The Trade Union Perspective

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Speaker: Peter Bailey

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Introduction

This document provides a summary of a meeting and questions and answers session held at Chatham House on 28 April 2014 that focused on South Africa's National Union of Mineworkers (NUM) and the recent developments in South Africa's mining industry.

South Africa's mining industry has been transformed since the end of apartheid, with vast improvements in workers' rights and issues of health and safety, and the NUM has played an important role in bringing about the changes. However, issues remain, especially regarding housing and many mineworkers now choose to live in shanty towns. Mining companies also continue to subcontract employees, resulting in lower salaries for mineworkers. The recent incident in Marikana and the continued strike in Rustenburg indicate problems with the bargaining system between companies in the mining industry, trade unions and the governments. This has deteriorated with the growth of another trade union, the Association of Mineworkers and Construction Union (AMCU), and the resulting violence between the competing unions and their members.

The meeting was held on the record. The following summary is intended to serve as an *aide-mémoire* for those who took part and to provide a general summary of discussions for those who did not.

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Senzeni Zokwana

Senzeni Zokwana stated that the mining industry was one of South Africa's major employers in the apartheid era. He explained that the industry was very racist during apartheid, and gave the example of the Mines and Works Act, which prohibited black workers from holding high positions. South Africa possesses a large amount of mineral wealth, including diamonds, gold, ore and platinum, and the apartheid mining system was based on the exportation of these natural resources. There was no major in-country beneficiation, a problem that has continued until recently. Working conditions in the mines were very poor, and there was an overall lack of welfare for the mineworkers, especially with regards to accommodation. A migrant worker system existed and a large number of the mineworkers were recruited from countries such as Zimbabwe, Lesotho, Swaziland and Malawi. Additionally, there were internal migrant workers from the Homelands – rural areas set aside for blacks by the apartheid government. The industry did not attempt to improve the welfare of these migrant workers by providing training or adequate housing.

South Africa's mineral wealth was nationalized in 2000, and the government now owns all minerals above and below ground. The African National Congress (ANC) first called for this in 1955 in the Freedom Charter, and the speaker explained that this is now pointed to as the panacea of all problems in the mining industry. Black mineworkers were banned from forming trade unions in South Africa from 1946 to 1982, and the NUM was created in 1982. It is part of an alliance with the Congress of South African Trade Unions (COSATU). The NUM has fought barriers for employment and attempted to increase mineworkers' welfare by obtaining training for the workers, and improving the conditions of the mines and the workers' living accommodation. The speaker explained that the NUM has mobilized against three main issues. First, it fought against racism to improve the treatment of black workers under the apartheid system. Secondly, it campaigns against the class system, as mineworkers struggle economically due to the inequalities of this system. Thirdly, it works to overcome gender inequality.

However, the speaker stated that the mining industry has not changed sufficiently. The NUM has been successful in increasing wages for mineworkers, but these remain low. Mineworkers' wages are still determined by a job-grading system based on the apartheid structure. According to this system, workers' wages are not dependent on the task they do or the corresponding risk to which they are exposed, but on the amount of power they have over other employees. Health and safety is another issue that requires further improvements. The speaker explained that laws regulating the health and safety of mineworkers were only established in 1996. Prior to this, companies independently determined which welfare issues, or improvements to mining conditions, they would address. In 1995, the ANC set up the Leon Commission of Inquiry into Health and Safety in the Mining Industry, and the resulting Mine Health and Safety Act of 1996 has improved the country's laws in this area. Mineworkers have been given increased rights, including the right to elect their own safety representative, and the speaker indicated that this has helped protect workers' health and safety and ameliorate the working conditions. However, he stressed that the need to maximize profits remains the highest priority in the industry. Companies continue to subcontract, which leads to a reduction in employees' salaries.

The speaker discussed the problems in the platinum industry leading up to the Marikana situation. He stated that the NUM has pushed for a single bargaining unit, but companies in the platinum industry continue to bargain individually and compete with each other over pay levels. Despite some improvements, the housing situation is still an issue. Companies are not building adequate housing and continue to house workers in single-sex hostels. A living out allowance is now granted to individuals who do not wish to live in the provided hostels. This has resulted, however, in mineworkers moving to shanty towns, and the speaker explained that this is not an improvement in their living conditions or welfare.

The speaker argued that the Marikana situation was worsened by the AMCU. This union was formed in 1998 by a mineworker who had been thrown out of the NUM and it began to find a foothold in 2011 and 2012 by promising a R12,500 salary to its members. The speaker stated, however, that individuals have been forced to join the union against their own will, and explained that the rapid growth in membership was a result of this. He stressed that the incident was so bad because the AMCU had armed the strikers at Lonmin. By the time the police acted on 16 August, the AMCU had already killed 10 NUM members. In fact, the speaker clarified that some NUM members had to go into hiding as they were being threatened and targeted by the AMCU. He argued that the employers were not negotiating in good faith and were bargaining outside of the council. The AMCU refused to move from its position of demanding R12,500 wages and would not accept companies' suggestions that the salary increase could take place over a period of five years. The speaker stated that this is not bargaining. Following Marikana, the government has set up a commission to examine mineworkers' living and housing conditions.

In terms of the mining industry as a whole, the NUM is concerned about the loss of jobs. The mechanization of the industry will reduce the number of jobs available to mineworkers, and the speaker also noted his fear that an alternative for platinum may be found for the motorcar industry. The NUM remains the biggest union in South Africa, in spite of the use of violence and other pressures to join AMCU. The speaker concluded by stating his wish that a situation like Marikana is not repeated, and that there is no further killing of mineworkers. He acknowledged that the police could have done a better job, and the police are examining better methods for crowd control, especially when the crowd is armed.

Summary of questions and answers

Question

What can be done to improve South Africa's mining industry in conjunction with East and West Africa, where many of the foreign migrant workers come from? How can skills be developed in these areas to open up the mining industry, rather than fixate on problems of the past, such as racism?

Senzeni Zokwana

Senzeni Zokwana stated that it was wrong to say that not much has been done in South Africa, especially in regard to mining. South African mining companies are part of the global market. AngloGold, for example, operates in Tanzania and Mali, and the company has signed an agreement to treat all the mineworkers in these countries according to certain standards. The apartheid system was highly entrenched in South Africa, and the effects of the system cannot be eradicated after 20 years. He stated that the NUM is not just examining internal problems. It is also addressing challenges for migrant workers from countries such as Lesotho, Swaziland and Malawi. It is part of the global community and is part of global campaigns to improve workers' conditions.

Peter Bailey

Peter Bailey emphasized the importance of understanding that apartheid was a very advanced system of colonization. In designing apartheid, Hendrick Verwoerd predicted that the impacts of the system would still be felt 40 years after apartheid had ended, and the speaker reiterated that the effects will not disappear in 30 or 40 years, let alone 20. Despite this, a lot has been done to improve the mining sector. Legislation has been passed on issues such as labour relations, skills development, equity and health and safety. These new acts have helped transform South Africa's mining industry from the poor state it was in during apartheid. He highlighted the specific case of the Mines Health and Safety Act. Thousands died in the mines before, compared to just 126 now. He stressed that although this is still 126 people too many, this remains a vast improvement. Differences continue to be made through the enactment of such legislation and these developments are also seen in the Mining Charter, which entitles employees to own shares. The NUM is working with Black Economic Empowerment (BEE) partners, and it is aiming to help communities, women and employees alike.

Questions

What would the NUM like to see done about housing, and is there a problem with land ownership when workers are housed near mines?

What is the NUM's strategy for job loss due to mechanization and the closing of mines?

Senzeni Zokwana

Senzeni Zokwana explained that it is in the interest of municipalities in mining areas to ensure that houses are built for mineworkers. If such houses are not available, mineworkers will live in shanty towns in the area. This does not benefit municipalities, as mineworkers living in shanty towns do not give back to the community or the municipality. He indicated that the NUM is demanding two types of housing. Hostels must be transformed into better living accommodation for mineworkers who do not want to own land or houses, such as the migrant workers from abroad. Second, the municipalities need to work with

the mines, which own a vast amount of land, to create houses for the workers. These houses will be better for both the workers and the municipalities.

He emphasized the NUM's concerns about the issue of mechanization. The resulting job loss will be very problematic, as most mineworkers do not have portable skills. He also highlighted the difficulties of reopening mines. It is hard for mines to restart action after they have been closed for a month. He emphasized that the NUM is responsible for three things: defending its members from employers, improving conditions for mineworkers, and ensuring that mineworkers' jobs are protected.

Peter Bailey

The previous housing system was highly discriminatory, with white families treated as more important than black families. Company housing for individuals was determined by two factors. The individual had to be senior and, as a direct corollary to that, the individual had to be white. Black workers, on the other hand, were placed in single-sex hostels, which housed 16 or 17 mineworkers. The NUM is now engaging with companies on the issue of housing, and hostels are now being built to accommodate two people per unit, and greater privacy is afforded to the mineworkers. Peter Bailey explained that workers often do not want to live in the mine area however, as these areas become ghost towns after the closing of mines. Instead, workers want to live in an area of their own choosing and possess a house as a means to engage in the economy. He noted that rural housing is often preferred, as the cost of living is usually lower. The NUM understands the additional need for mineworker housing communities to be integrated into society.

Questions

Are cross-subsidized mines, whereby the owner of two or more mines subsidises the less successful mines, treated individually, or as one unit?

A lot has been said about job preservations and the conditions in the mines, but what about productivity?

Investors in the United Kingdom perceive the NUM to have lost touch with its members and the labour negotiation system to be broken, with two unions now. Will the pact between the labourers, businesses and government revitalize, or will it self-destruct?

There is currently a global mining boom, but South Africa's mining industry is declining, and the big problem is the bargain between the state, workers and companies, so to what extent is South Africa moving to a new deal?

What are the speaker's views on the new rules for in-country beneficiation?

Does the speaker see an end to the debate on the nationalization of mines?

What are the speaker's views of the closure and sale of the Rustenburg mines by Anglo American?

What are the speaker's thoughts on the platinum producers breaking talks with the ANCU, which is a key test of the loyalty of its members, and its reliance on violence?

Was the NUM's stance against subcontracting made stridently enough to the government in the run up to Marikana?

Due to the nationalization of coal mining in Britain in the 1940s, a huge amount of public money has been spent to address the legacy of dust suffering issues. How much of a priority for the NUM is a proper, just settlement?

Peter Bailey

Peter Bailey stated his belief that happy, healthy workers automatically transfer into productive employees. He stressed that productivity is at the centre of all the issues in the mining industry. Employees need to feel that they are part of the whole company. A lot of problems are created if employees feel marginalised.

Mining companies' executives are often compensated regardless of the mine's performance. If the mine does badly, even if due to irresponsible and reckless management, it is not the executive management that is affected. Instead, the employees will feel the impact, receiving reduced pay.

A lot of mineworkers suffer from silicosis.

Senzeni Zokwana

Senzeni Zokwana highlighted the proposal of employers to use an incentive of bonuses to increase productivity. He noted that if there is an equitable way to reward employees with bonuses, this may be a means by which the strike can be broken. If mining operations close down entirely, it is very expensive to restart them.

Peter Bailey

Peter Bailey acknowledged that cross-subsidization has both negative and positive aspects. When companies start mining, they rely on profits from the first mine to open further mines. The nature of the industry makes this cross-subsidisation necessary. The speaker explained that this is why the NUM bargains centrally.

The speaker disagreed with the claim that the bargaining system has been divided in two. Other, smaller unions have previously been formed, so the AMCU is not the second union in the mining industry. The speaker admitted that the AMCU has taken some of the NUM's supporters, but this has not been a significant amount, and the AMCU has only gained control over two or three of the mines that were under the NUM's control. The speaker emphasized that the NUM still retains the best, and most productive, relationship with the mining companies.

Senzeni Zokwana

The mining industry is not like the agricultural industry. Profits cannot be expected purely due to an industry boom. Senzeni Zokwana explained that in mining a lot of planning to develop the industry and the infrastructure must have taken place in anticipation of a boom. In addition, most of the mines in South Africa are very deep, which makes them expensive and difficult to run.

He disagreed with the idea that the NUM has lost touch with its members. He accepted that in certain instances, the NUM has been wrong. However, he underlined that it does not have to use violence to gain new members, whereas without violence, there is no AMCU. The latter does not have support from mineworkers, so it has to rely on tactics of violence, intimidation and assassination to increase its

membership, and NUM leaders have been killed by the AMCU. He stated that workers do not join a union so quickly unless violence is used as a recruitment strategy.

The commission formed after the Marikana incident has developed lessons that may help reinvigorate the pact between labourers, businesses and the government. The negotiating strategy of the platinum industry is problematic, as it takes place individually, mine by mine. He stated that a similar incident could not have happened in the gold industry where values are set between the mines.

Peter Bailey

Peter Bailey explained that after the passage of the Minerals and Petroleum Act, all minerals above and beneath the ground became national property. It is the minerals, not the mines, that have been nationalized. Companies must apply to the state for mining concessions. The speaker clarified that the debate over nationalization continues because people do not understand that the state already owns the minerals.

Senzeni Zokwana

The NUM is working on the issue of South African investment. The ANC discussed this matter at a conference, where they examined the various issues raised. Senzeni Zokwana stressed that there cannot continue to be no in-country beneficiation. Employers have started to engage in this, and he stated that it is not a threat to investors.

He explained that a union cannot be built by pitting workers against each other; instead a union should be based on solidarity. He noted that the AMCU leader's personal wealth has increased by R40 million since the union gained control over Rustenburg. He stated that there is a group of people in the AMCU who are benefitting from the strikes, and they are stopping others from returning to the mines. The AMCU has developed a vigilante system against the mineworkers. The problem has grown worse because mineworkers are moving out of hostels to live in shacks and the AMCU is stopping workers from going to the mines, using tactics such as assaulting the workers' properties and cars. This continues the strike by forcing the workers into it. He reiterated his belief that the strike is being continued because the workers are forced into it, and that if the mineworkers were told they could return to their work, and were assured of their personal safety, they would do so.

Peter Bailey

Since the start of the Rustenburg strike two months ago, a splinter group has already formed out of the AMCU – the Workers Association Union. This union is joining the NUM on a daily basis. Peter Bailey claimed that the AMCU is dying and stated this will all come out in the news in the next few weeks.