DIGGING FOR DEVELOPMENT:

The mining industry in South Africa and its role in socio-economic development

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2014

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JOHANNESBURG
2014

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South African Institute of Race Relations 2014

ISBN 978-1-86982-599-7
PD06/14

Cover design by Eventworx

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INTRODUCTION

In December 2012 the Embassy of Sweden commissioned the South African Institute of Race Relations (IRR) to investigate the socio-economic circumstances of mineworkers in South Africa. The context of this investigation was the horrific event of 16th August 2012 that had seen the South African police open fire on a group of protesting mineworkers at Lonmin's Marikana mine in South Africa's North West Province. After the gunfire died down, 34 mineworkers lay dead in an incident that recalled apartheid-era massacres — such as that in Sharpeville in 1960 and the shooting of schoolchildren in Soweto on 16th June 1976.

As is to be expected, in the aftermath of the massacre the world's attention was focused very closely on the South African mining industry, the South African economy, and the socio-economic circumstances of mineworkers. Analysis at the time represented a wide spectrum of views. There was a view that the South African security forces had acted with undue violence and brutality. This was the view of many observers and human rights organisations both in South Africa and abroad. However, there was also another view, expressed by some South African commentators in social media, and later argued by the South African police at the enquiry into the massacre, that police had been provoked and had acted in self-defence. A third view was that the Marikana incident arose out of socio-economic challenges in South Africa and that it was symptomatic of a country that laboured under very high inequalities and poverty levels despite the prosperity of the historical white and the new black elite.

It is against these contexts that the argument was made that the South African mining industry should look closely at itself to understand the root causes and origins of the events at Marikana. Here the view was expressed by trade unions, human rights activists, and activists for social change that mineworkers in South Africa lived in appalling circumstances and that mining companies should do a great deal more to improve the conditions of their workers. The mining industry did, of course, express shock at the massacre. It also assured South Africans and global observers that it would redouble its efforts to improve the socio-economic conditions of both its workers and the wider communities.

At the time the IRR was commissioned to produce this report it was obvious that views in the industry were largely polarised. On the one hand there is the mining industry, whose views on the socio-economic development of their workers and the contribution they make towards that development are not always clear. A second major player is mining trade unions. For most of the post-1994 era the National Union of Mineworkers (NUM), an affiliate of the Congress of the South African Trade Unions (Cosatu), was the dominant trade union in the mining sector. However, part of the context to the events at Marikana was that the NUM was losing its grip on the industry as the Association of Mineworkers and Construction Union (Amcu), came to challenge it for dominance, particularly in the platinum sector. A third participant is South Africa's very vocal and, at times, militant civil society sector. For the most part, the views of this sector are hostile to those of the mining industry and sympathetic to those of trade unions and mineworkers. It is common to hear prominent civil society groups in the mining sector condemn the behaviour of mining companies and accuse companies of not paying due heed to the circumstances of their workers. The fourth participant is a group that is very often overlooked — mineworkers themselves.

What the IRR has done over the past year is to hold meetings with key leaders or participants in each of these four groups. We interviewed a number of mining companies as well as the Chamber of Mines to ascertain their views on the state and future of the mining industry as well as mining companies' socio-economic responsibilities. We then posed similar questions to the leadership of the NUM as well as a secondary union involved in that sector. To the great regret of the authors of this report, we were unable to interview Amcu. Thirdly, we interviewed leading civil society organisations that had strong views on the mining industry. These included the Bench Marks Foundation, which has been consistent in its criticism of large mining companies. Interviews were also conducted with the militant Workers and Socialist Party (WASP) and their leader in the Democratic Socialist Movement, Liv Shange, as well as with Berend Schuitema from the Amathole Ex-miners Association, which has an interest in safeguarding the livelihoods of people employed in the mining sector. Finally, the authors interviewed mineworkers themselves. Research staff of the IRR attended the first anniversary of the Marikana massacre, which was notable for the fact that South Africa's ruling party, the African National Congress (ANC), Cosatu, and the NUM were absent. Our researchers gained access to the premises and hostels of the Lonmin mine in Marikana without seeking permission from the company. This was done intentionally to get a hands-on understanding of the circumstances in which Lonmin's miners find themselves. Research staff also travelled to the Eastern Cape to speak to the families of mineworkers.

The result of the above efforts is that the IRR is able to compare and contrast the views of the four major players in the mining industry. We have been able to come to certain conclusions about the socio-economic circumstances of mineworkers and whether these stand a chance of seeing considerable improvement in the current mining climate in the country. The conclusions, and our analysis of the mining industry, also draw on our own desktop research.

The report that follows is divided into six chapters:

Chapter one reviews the state of the mining industry in both an economic and a social context. Policy matters are also addressed.

The second chapter addresses what key industry players believe is the state of their industry, their role in social and economic development, and whether they could do more to promote such development.

Chapter three addresses how civil society organisations view the state of the industry and whether the mining industry does enough for socio-economic development.

The fourth chapter reviews what the union movement believes is the state of the industry, whether they are satisfied with the performance of mining companies in promoting socio-economic development, or whether they believe mining companies can do more.

The fifth chapter reports the results of the IRR's interviews with mineworkers in their own hostels, around the infamous 'mountain' at Marikana, and in their homes in the Eastern Cape are reported. In almost all cases the mineworkers are interviewed anonymously, very often because they expressed the fear that they would be persecuted for speaking about the industry. In many cases the views expressed by the mineworkers themselves surprised our researchers and at times contradicted those of civil society organisations and trade unions which claimed to speak on their behalf.

Chapter six contains our conclusions, based on our interviews and on our wider research.

CHAPTER ONE: BACKGROUND AND CONTEXT

Modern-day South Africa was built upon mining, but the country's mining industry is now under acute stress. Even before the Marikana shootings, the industry was subject to various requirements in terms of a charter for the mining industry drawn up to give effect to the Government's black economic empowerment (BEE) policy. As a result of uncertainty about policy, especially on the security of property rights in the mining industry, South Africa failed to capitalise on the commodity boom that benefited so many other mineral producers in the first decade of the present century. Mining requires vast quantities of energy, so it has been handicapped by the electricity shortages of recent years. One of South Africa's key mineral products is coal, but rail and harbour bottlenecks have damaged that product's export earnings.

Mines also produce commodities whose prices are inherently volatile and therefore unpredictable. This makes investment decisions, which often involve huge capital sums, especially risky. Sinking a shaft to extract gold from a thin seam two or three kilometres beneath the surface of the earth costs billions, but by the time the rock can be hauled to the surface both the price of gold and the rand/dollar exchange rate may be very different to what they were when the decision to commit the billions was made. Windfall profits may result, but so may devastating losses. If mining is risky for investors, it is also risky for the men — and now women — who descend daily into the mines, some of them never to see the light of day again. Given its role in the development of the country's migratory labour system, the mining industry in South Africa is also subject to political hostility that does not apply to other sectors, apart from agriculture — which is also branded as a key component of the apartheid system.

Mining in South Africa was also subject to racial legislation. White workers were not subordinated to the migratory labour restrictions that applied to blacks. Whites also enjoyed higher pay and exclusive access to skilled jobs. Attempts by the mining industry in the 1920s to employ blacks more widely led to a violent rebellion by white miners and the fall of the Government. It was not until the 1970s that the mining colour bar began to crumble as shortages of skilled white labour necessitated the steady movement of blacks up the jobs ladder. And it was not until 1979 that the emerging black trade unions were given statutory recognition and the legally protected right to participate in collective bargaining.

Blacks had operated small-scale mineral exploitation long before whites first came to South Africa in 1652. The modern mineral revolution did not begin until diamonds were discovered near the Orange River in 1867 and three years after that at the site where Kimberley now stands. Profits from diamonds financed the development of gold mining in and around what is now Johannesburg, where gold was discovered in 1886. Mining not only dominated the economy but spurred the development of railways and numerous other industries, among them manufacturing, banking, accounting, and legal services. As these developed, the relative share of mining in the economy declined. The same happened with the country's other, older, primary industry, farming.

Whereas in 1951 mining accounted for 12% of gross domestic product (GDP), that proportion is now down to 9% (after peaking at almost 15% in 1981). Nor are gold and diamonds as dominant as they once were. Coal now accounts for a quarter of all mineral sales (including both exports and local sales), followed by gold and platinum group metals (PGMs) with a fifth each. Iron ore accounts for 15%, with manganese, diamonds, copper, nickel, and chromium ore making up the rest. Mining's share of GDP may have shrunk to only 9%, but mineral exports as a proportion of all merchandise exports have doubled in the last 20 years to 34%. (A figure of 60% is sometimes given for the mining component of South Africa's exports. The figure of 34% given here, supplied by the Industrial Development Corporation, is based on a strict definition of mining in accordance with the International Standard Industrial Classification.) Over that same period, employment in mining has dropped from nearly 693 000 to 511 000.

Though gold has been mined for more than 100 years, there is thought to be more gold still in the ground than has been dug up over that entire period.

South Africa has the world's largest reserves of non-oil minerals, valued some years ago at $2.5 trillion (against $1.6 trillion each for Russian and Australia).[1] This should put us right at the top of any list of countries that are attractive for mining investment: alas, we rank only 64th out of 96 on the Fraser Institute's list of jurisdictions. Policy uncertainty and labour issues are among the reasons we are not more attractive. Even so, mining and quarrying still account for the single largest chunk of foreign direct investment in South Africa — no less than 38%.

Nor is that the full picture. Although mining itself now generates only 9% of GDP, its vast appetite for manufactured goods, for food, for electricity, and for infrastructure in general ensures that it is far more important to the economy than the 9% figure suggests. The coal terminal at Richards Bay on the north-eastern coast, for example, is served by one of the largest harbours in the world, one which requires very long multi-locomotive trains bringing export coal from the inland coalfields. Towns such as Rustenburg in the North West province are heavily dependent on the surrounding platinum mines. Along with agriculture, coal mines and steel production make important contributions to Witbank and Middelburg in Mpumalanga.

The year 2013 marked the end of the greatest commodities boom in history, a boom which had run since 2002. However, according to an initial draft of the National Development Plan (NDP) issued by the Government in November 2011, South Africa's mining industry was in fact smaller then than in 1994. Between 2001 and 2008, the industry had shrunk by 1% a year as compared with average growth of 5% a year in the top 20 mining exporting countries.

How about tax? Individuals employed in the mining sector constitute 2.9% of all taxpayers, but their contribution to tax assessed is 4.7% of all tax assessed. Companies in that sector account for 0.4% of all taxpaying companies but their contribution to tax assessed is 5.1%.[2]

Over and above its tax obligations, mining, like other sectors of the economy, is bound by BEE obligations. Applicants for mining licences are required to demonstrate compliance with a "mining charter" that came into effect in 2004. Inter alia, this requires companies to increase black ownership to 26% by 2014. Mining companies also agreed, among other things, to offer all employees the opportunity to become functionally literate and numerate by 2005; to aspire to 40% black participation in management within five years; to upgrade hostels and convert them to family units; and to promote homeownership for mine employees. Since 1997, BEE deals in the mining sector have cost that sector R340 billion.

In September 2010 the minister of mineral resources, Susan Shabangu, published a revised charter which extended some of these requirements. The charter also requires companies to allocate 5% of their annual payrolls to skills development by 2014 (apart from the 1% applicable to all employers). In October 2013 the Department of Trade and Industry published a set of generic codes that are due to become binding by October 2014. It is not yet clear whether these will supersede the mining charter, but if they do, board representation will have to be increased to 50%, spending on skills development will have to rise to 6%, an additional 1% of net profit after tax will have to be spent on socio-economic development, and 3% of net profit after tax will have to be devoted to supplier development for the benefit of enterprises with majority black or female ownership. Failure to comply could put mining licences in jeopardy. However, under the revised generic codes, no credit will be given for increasing local beneficiation, improving employee literacy, upgrading hostels, facilitating homeownership options for employees, or contributing to community development.

Apart from BEE obligations, mining companies are required to submit social and labour plans to the Government for its approval before they can be granted mining licences. Under these plans mining

1 Barry Sergeant, *The New Age*, 3 August 2012.

2 Most of this information is taken from official sources including Statistics South Africa and the South African Revenue Service, and appears in more detail in the 2013 edition of the *South Africa Survey*, published by the South African Institute of Race Relations.

companies must assume certain responsibilities, such as improving living conditions and human capital in mining areas, although there is no clear guidance in the relevant legislation as to exactly what the plans must incorporate. It has sometimes been alleged that the plans are drawn up by the companies for submission to the Government for approval without the involvement of local communities.[3] There have also been complaints that officials in the Department of Mineral Resources require the companies to make repeated revisions before they approve these plans. According to a partner in a leading law firm, "Delays commonly run to 18 months and when we tell foreign investors [this], they often decide to pack their bags and invest elsewhere".[4]

In terms of other legislation in the pipeline, the minister may, at her discretion, designate portions of minerals for local beneficiation at prices to be agreed. She may also put a cap on exports. Following renewed electricity blackouts in March 2014 at a time of unusually heavy rain in South Africa, various ministers blamed coal-mining companies for supplying power stations with wet coal. The ministers suggested that some of the companies were exporting their best coal, and threatened to limit coal exports so as to ensure better coal for electricity generation. (South Africa has 34 billion tonnes of coal reserves, the eighth largest in the world.)

South Africa is not the only country whose government is seeking to capitalise to a much greater extent on its mineral resources. What makes us unique is that the mining industry is simultaneously facing a great many other demands and problems.

Many of the requirements laid down by the Government in South Africa have been criticised as adding to the uncertainty facing the mining industry. Although the ruling African National Congress (ANC) has in the last year or two refrained from reiterating earlier explicit threats to nationalise South Africa's mines, several mining executives say that nationalisation is now a threat in a different form, via "increased control, increased regulation, more government interference, and more restrictions". Business in South Africa is generally hesitant to criticise the Government, but a handful of top mining executives have said that "dysfunctional legislation and an overregulated environment" will lead to a decrease in mining investment and a lower demand for the manufactured products that support the industry.

Apart from the requirements of BEE charters and codes, and social and labour plans, several of South Africa's mining companies have been prominent in corporate social investment (CSI) expenditure for many years dating back long before 1994. Such expenditure has gone beyond the mining sector and has included support for black small business, education, health care, and research and policy analysis. The Chamber of Mines claims to spend more on social programmes than any other sector of the economy, R1.3 billion in 2011-2012 alone. The chamber also points out that mining companies have had to spend large sums on anti-AIDS medication.[5]

Adding to uncertainty in the mining industry is whether spending on all social and labour plans and other items is or is not tax-deductible. One mining tax specialist suggested that all this additional expenditure could almost be seen as a separate tax.[6]

According to a leading investment analyst, mining company directors have in recent years "concentrated on meeting the demands of all stakeholders, including various arms of government, employees, former employees, unions, empowerment shareholders, and local communities". The analyst comments, "The shift to a more equitable sharing of the value created by our mining enterprises is necessary and understandable, but based on recent evidence it appears that the pendulum has swung too far and that shareholders are now right at the back of the queue."

He goes on to warn, "If public policy towards mining companies remains hostile, and their share prices

3 *Business Day*, 12 March 2014.

4 Forthcoming study by the South African Institute of Race Relations.

5 *The Star*, 12 December 2012.

6 *Business Day*, 24 January 2013.

continue to fall, our mining companies will find it increasingly difficult to raise capital."[7]

At the end of last year, Ms Shabangu said that the mining industry must transform or "ship out". Ivan Glasenberg, chief executive of GlencoreXstrata, one of the largest mining companies in the world, noted at the same time that, "governments are free to make their rules as they wish, but once they make their rules we will decide if that's a place that justifies a big investment."

What about the workers? Average monthly earnings in February 2013 were R15 577, as set out in the table below.

Average monthly earnings in formal non-agricultural industries, 2012 and 2013 (current prices)[a]

Industry	*Feb 2012 R*	*Feb 2013 R*	*Change*
Mining and quarrying	14 151	15 577	10.1%
Manufacturing	12 060	12 975	7.6%
Electricity, gas, and water	25 879	28 510	10.2%
Construction	9 592	10 479	9.2%
Wholesale and retail trade, repair of motor vehicles, motor cycles, personal and household goods, hotels, and restaurants	8 564	9 186	7.3%
Transport, storage, and communication	16 330	17 470	7.0%
Financial intermediation, insurance, real estate, and business services	13 924	14 779	6.1%
Community, social, and personal services[b]	15 685	16 583	5.7%
Total	**13 080**	**13 981**	**6.9%**

Source: Stats SA, *Quarterly Employment Statistics March 2013*, Statistical release P0277, 18 June 2013, pp16–20
a Including bonuses and overtime.
b This industry includes government but does not include domestic servants in private households as this work is not classified as formal.

According to Peter Major, a mining investment analyst, wages in mining have been rising much faster than productivity over the past 10 years.[8] Unionisation in the mining industry, though it has declined somewhat, is still the highest in the country at 86% of eligible workers. Public distrust in all unions has been increasing, however. In the lower and working classes, it is now running at around 40%.

Conflict between rival unions was one of the factors leading up to the police shootings at Marikana on 16th August 2012. That conflict continues to this day. At the time of writing, the Association of Mine-workers and Construction Union (Amcu), which both the Government and the National Union of Mine-workers (NUM) have branded as an "upstart" union, had called its members out on strike at all three of South Africa's major platinum producers, Lonmin, Impala Platinum (Implats), and Anglo-American Platinum (Amplats). The strike appears to be partly motivated by Amcu's desire to show up its NUM rival as an ineffective union too close to both the Government and the mining companies. Amcu is demanding an average annual wage increase of between 30% and 40%, against which the mining companies have offered 7.5% to 9%, which, they say, "pushes the boundaries of feasibility". Average wage settlements across the economy have been running at between 7% and 9%.

However much they might earn, many mineworkers send money home: although mining jobs are not the only source, almost 19% of black households in the country receive remittances as part of their income (against 6% in the case of whites). And thereby hangs a tale dating back as far as the first diamond diggings nearly 150 years ago. This is the compound and migratory labour system.

As early as 1874, less than a decade after the discovery of the first diamond, there were 10 000 blacks employed in Kimberley. Most of these diggers were what Francis Wilson, the leading historian of South Africa's migratory labour system, described as "oscillating migrants" in that they came to the diamond

7 Ian Liddle, "Gold and Platinum mines: 'Eating sardines' or 'Trading sardines', Allan Gray quarterly commentary, QC4 2013.

8 *Business Report*, 8 April 2013.

fields for a limited period of time before returning to their rural homes. The migratory system went hand-in-hand with a compound, or hostel, system. The Kimberley compounds were closed to prevent illicit diamond dealing. Sealing off compounds for this purpose was not repeated elsewhere, but the great majority of black miners continued to be housed in compounds on mine property for most of the 20th century.[9] Many miners are still so housed, including of course some of those who are the focus of this report.

In earlier years in particular, compounds varied enormously. The worst housed a dozen or even more men in dark rooms on two-tier concrete banks, with thin mattresses on them. Clothes hung from wires strung across the ceiling. There was no privacy in the lavatories. Even some of the older army camps in South Africa had more comfortable accommodation. More modern compounds were brighter, with fewer beds per room, and more privacy. Food was served from huge containers. Though unappetising, it was carefully balanced to ensure that miners remained healthy and able to work. Very often, though, access by outsiders was strictly controlled. An unauthorised visit by a stranger could result in a summons to security police headquarters, as one of the writers of this report personally experienced. On some mines, special accommodation was provided for visiting wives to stay with their husbands.

The migratory-labour-cum-compound system, though it evolved long before the term "apartheid" was even invented, became a key component of that system. Indeed, it dated back even to before the National Party (NP) came to power. In terms of the so-called "Stallard doctrine" of the 1920s, successive governments followed the policy that as far as possible blacks should be permitted to reside in the parts of the country set aside for white ownership only for as long as their labour was required. This meant that many black workers were permitted to leave their rural homes only on fixed-term employment contracts in the supposedly "white" area, after which they should return home to await recruitment on a new contract. Virtually all black miners worked on this system, although it applied on a more limited scale in other economic sectors as well.

Although a great many studies showed that the system was destructive of family life, it was implied with increasing inflexibility after the NP came to power in 1948. Only 3% of black miners were permitted to be housed on a family basis. Efforts by some of the mining companies in the 1960s to obtain permission for this quota to be increased were rebuffed by the Government, in what one mining executive called a "sledgehammer decision".

Migratory labour in the mining industry had various other features. One is that workers were recruited from all over southern Africa. They were recruited not by the mining companies themselves but by recruiting organisations established by the Chamber of Mines to perform this function on their behalf. Until the 1970s, up to three quarters of black mineworkers were foreigners, the major supplying countries at that time being Mozambique and Malawi, with smaller numbers from Botswana, Lesotho, Swaziland, and even Zimbabwe. After the fixed price of gold — $35 an ounce — was abandoned in the early 1970s, the mining companies were able to pay the higher wages necessary to attract more South Africans. But significant numbers of miners still come from other countries, and their earnings represent a large source of income for poor countries, notably Lesotho.

As the apartheid system disintegrated, the racial laws governing the labour market also began to disappear. The key statute giving effect to the "Stallard doctrine" was indeed repealed in 1986. It seemed obvious that once the changeover from NP to ANC rule had taken place, the much-criticised migratory labour system would disappear. Black miners would no longer be compelled to live in compounds or hostels. They would be free to bring their families to their places of work with them.

The Marikana shootings attracted worldwide attention to South Africa's mining industry. What actually led to the shootings is the subject of a judicial commission of enquiry (the Farlam Commission) appointed by President Jacob Zuma. Even though that commission is taking an inordinately long time to dig out the truth, speculation as to what it might uncover is beyond the scope of this report.

9 Francis Wilson, Migrant Labour in South Africa, South African Council of Churches and Sprocas, Johannesburg, 1972, 1-3.

But a great deal of media attention was focused on the living conditions of black miners, notably those living in shack settlements near Marikana. There were immediate calls from various people for the migratory labour system to be abolished. As noted in the Introduction to this report, some commentators have stated that the migratory labour system was in fact the main cause of the Marikana tragedy.

Unfortunately, abolishing the migratory labour system is not as simple as that. For one reason or another, it suits many mineworkers to travel on their own to work on the mines, leaving their families behind them. Some have elected to remain in mine hostels. Others have decided to take the living-out allowance made available by the mining companies and find their own accommodation in nearby townships and shack settlements. Some have opted for the cheapest accommodation available, sending home as much money as they can to their families. Television footage showing often squalid living conditions in shack settlements reinforced calls for the abolition of migratory labour. Mining companies were also castigated for not providing much better housing for their employees in surrounding townships.

Some of these issues will be dealt with more fully in the Conclusion which forms the sixth chapter of this report. In the meantime the report will record what we were told by mining executives, trade unions, civil society organisations, and mineworkers themselves.

CHAPTER TWO:

THE MINING INDUSTRY: HERO OR VILLAIN?

The IRR's researchers interviewed three senior leaders of the mining industry — one who once represented an organisation that was prominent in putting forward the interests of the mining industry in South Africa; a second who was a senior executive in the South African gold mining industry; and a third who is a current executive in the South African platinum mining industry.

Because of the nature of some of the comments that were made and the political sensitivities around the mining industry in South Africa, the IRR's authors have preferred not to identify the people in question.

This section will also draw on the experience that IRR staff have had in briefing or working with mining companies in South Africa. Notes on these briefings will not specify the companies or executives in question.

One of the IRR's analysts describes briefings to South Africa's mining industry as akin to presiding over a funeral.

Briefing the mining industry has been described as akin to presiding over a funeral.

On infrastructure, a number of mining companies have expressed frustration to the IRR on matters ranging from electricity supply to spiralling costs. Also of concern are falling commodity prices and the extent to which the Government is able to use tax revenues to improve circumstances in areas where mining companies operate. For the most part, these concerns are not expressed publicly as the industry appears to be concerned that this might attract the wrath of the Government. There have, of course, been exceptions to this but there are few to speak of. A recent prominent example was when the chief executive officer of Anglo American, Mr Mark Cutifani, broke down in tears while expressing the frustration that the industry has in investing in South Africa.

Mining executives told us that an analysis of the sector and its contribution to the socio-economic welfare of its workers must be split into pre- and post-1994 periods. The view was expressed that the pre-1994 era could rightly be characterised as one of very poor living conditions such as the notorious single-sex mining hostels that saw mineworkers housed in cavernous dormitories with concrete bunks. It was an era during which migrant labour could easily be exploited and during which the mining industry drew heavily on migrant workers from across the Southern African region. It was also an era that saw the breakdown of family structures as men were separated from their families and no option was provided for the housing or support of these families. This led to considerable social and economic hardship. It was also admitted that the pre-1994 mining era had a cavalier attitude to safety on mines and that in terms of injuries and fatalities the mining industry had a very poor reputation. A former executive in the gold industry acknowledges that pre-1994, mining companies had an "abysmal" safety record. However, it was made clear to us that the post-1994 mining environment and its contribution to socio-economic development needs to be seen very differently. For example, the industry signed a mining charter in 2004 that sought to provide family housing units, abolish the large dormitories in the hostels, ensure that mineworkers could occupy their own rooms, and provide decent

The pre-1994 era could rightly be characterised as one of very poor living conditions, such as the notorious single-sex hostels.

living-out allowances to those workers who choose not to live on mining sites. The broader principle, we were told, was for mining companies to accept the responsibility to "do no harm to people and the surrounding environment, not only now but in the future too."

The point was also made to us that the industry needs to be segmented into its coal, gold, and platinum sectors in order to properly understand the capacity and constraints faced by mining companies in meeting the socio-economic demands of their mineworkers. For example, it was suggested to our researchers that the coal industry generally doesn't have a housing problem, as it is more highly mechanised and therefore not so labour intensive.

The broader principle of the mining charter s for mining companies to accept the responsibility to do no harm to people and the surrounding environment, not only now but in the future too.

The gold industry, on the other hand, was described as being heavily labour intensive and therefore reliant on a much larger workforce. It is faced with a significant housing problem. The inference was that the gold mining industry will find it far more difficult than the coal mining industry to meet socio-economic expectations such as comfortable family accommodation for its workforce.

The platinum industry is a relatively new industry in South Africa as it hasn't grown out of the historical socio-economic circumstances that confront coal and especially gold. It is therefore better positioned to meet the socio-economic expectations of its workers. However, due to the rapid growth of the industry, mining companies also say that it is extremely difficult to keep up with the housing needs of its workers.

A number of industry players made the argument that the mining industry's greatest contribution to socio-economic development in South Africa lies in employing people. It was the view of the industry that it does not receive sufficient credit for this. One senior executive explained that the industry is estimated to employ 500 000 people directly and to be responsible for 1.6 million jobs that are created on the periphery of the broader mining sector. The mining industry, we were told, achieves 'empowerment through employment'.

It was also claimed that the mining industry plays an important role in transformation, not just in terms of black economic empowerment (BEE) policy but in the broader upliftment of communities in South Africa. One executive explained that the industry saw its role in transformation as being built around several pillars.

The mining industry is estimated to employ 500 000 people directly and to be responsible for 1.6million jobs that are created on the periphery of the broader mining sector.

The first is to create opportunities for black people to participate in the formal economy. The second is to increase managerial control of the mining industry for black people. The third is to ensure greater representation for black people on company boards of directors.

It was the view of the industry that it has done well on each of these pillars. However, our research staff believe that the second and third of these pillars are largely irrelevant to the socio-economic circumstances of mineworkers. To a significant extent, these broad empowerment gestures benefit a relatively small elite. The fact that the industry identifies them as two of the first three of its pillars of socio-economic development suggests that its own priorities are, at times, more focused on the political imperative of racial transformation than the actual socio-economic improvement of the people who make their living out of the mining sector and the communities that house those people and the mines they work in.

The fourth pillar is skills development. It was put to our research team that the industry spends more than the legislated 1% requirement on skills development, for example. It was also stated that significant preferential procurement services and enterprise development were conducted by mining companies in South Africa and that all these points needed to be taken into account in assessing the contribution and role of the mining industry in social and economic development.

A comparison conducted by her company showed that their largely illiterate category four to nine workers, including rock drillers, are receiving salaries on a par with teachers and policemen.

There is a perception so widely held that it is no longer questioned: that mineworkers are among the lowest-paid labourers. An executive in the platinum industry differed on this point. A comparison conducted by her company showed that their largely illiterate workforce was receiving salaries on a par with teachers and policemen. In fact, mineworkers do earn more than people working in the manufacturing, wholesale and retail trade, and construction industries (as the table in the previous chapter indicates).

Mining industry representatives that we interviewed made a point of saying that there were significant social and labour plans in the pipeline to improve the circumstances of mineworkers in South Africa. The mining charter's targets on housing and living conditions were cited as examples of this commitment. However, industry representatives expressed their frustration at the fact that these plans sometimes ran contrary to the wishes of mineworkers themselves. This is a crucial point and one that deserves further exploration. The example was cited that mineworkers do not invest in housing near their places of work but prefer to send money home to the communities that they come from. The suggestion is that, as a result, many mineworkers actually prefer to live in cheap accommodation, such as shacks. We were told of a leading platinum producer that has met its goals under the mining charter of moving its workforce out of large shared hostels. However, while 40% of the workers at that company now live in an environment where no one has to share a room, a further 40% live in shacks.

A further point that was made by representatives of the mining industry is that they are frustrated at having to carry the can for socio-economic development initiatives that should be the responsibility of the Government. They feel that government incompetence compromises service delivery that might have been possible through the efficient expenditure of tax revenues. This is a particular problem in a number of areas that are home to mining companies. The industry felt that it was unfair that they were identified as part of the problem in relation to the poor socio-economic circumstances of their workers in informal settlements when the real blame should be directed at local municipalities.

Workers might in any case choose to send the extra money home rather than improve the circumstances that they live in.

The impression created is that even where companies increase housing allowances to allow their workers to escape a life of living in shacks, for example, those workers might in any case choose to send the extra money home rather than improve the circumstances that they live in on the fringe of a mine.

Here, a point must be made which is often left out of the debate between the mining industry and its critics. This is one of the individual choice and responsibility of the mineworkers. Representatives of the industry often refer to the fact that no one is forced to become a mineworker and that no mineworker is forced to spend his salary in a particular way. It is out of free will that people choose to work in the mining sector even though it is dangerous and at times difficult work, and it is out of free will that mineworkers sometimes live in circumstances that appear shocking to outside observers.

This point will no doubt meet with ridicule among critics of the industry but it deserves consideration. It is true, as many mining companies suggest, that they cannot tell their mineworkers what to do with the salaries they earn or how to live. For example, our researchers were told by a leading mining executive that in 1994 his company had initially held that living-out allowances could be paid only to those workers who could prove that they would live in a formal structure and not in a shack. However, the company in question was heavily criticised for taking a patronising attitude to its workforce and its board later decided to drop this requirement. The same company would later come to be heavily criticised in the Media for the fact that many of its mineworkers were living in shacks.

CHAPTER THREE:

CIVIL SOCIETY: LOOKING IN FROM THE OUTSIDE

When it comes to civil society organisations it is useful to distinguish between two very broad views on the mining industry. The minority view is that held by the handful of (two to three) market-friendly think-tanks in South Africa. They are sympathetic to the economic environment in which mines are required to do business. Theirs is very much a minority view, however. The majority view, when it comes to civil society commentary and attitudes on the mining sector, is more hostile and is generally unsympathetic to the arguments raised by mining executives.

The polarisation of these two views was very evident in the interviews conducted by the IRR's research staff working on this project. Again because of the political sensitivity of some of what was said, we have chosen not to identify the people that we quote.

The only means by which the socio-economic circumstances of mineworkers can be improved is to place the workers in charge of mining operations.

The majority view at its extreme can be summed up in the comments made to the IRR by a prominent advocate for the rights of mineworkers in South Africa. The view expressed by this person was that the only means by which the socio-economic circumstances of mineworkers could be improved would be to place the workers themselves in charge of mining operations. In practice what this would require would be the expropriation of shareholdings in mining companies and handing these over to communities and mineworkers themselves. It was explained to our researchers that under such a paradigm it would be possible to use the profits of mining companies to build decent roads and proper houses, and provide electricity and water for all. It was further explained to us that by placing mining communities in charge of the profits of mining companies, schools, classrooms, colleges, and universities would be built. This message could easily resonate in communities of very poor people who become increasingly fed up with what they perceive to be the lax performance of mining companies in meeting their socio-economic demands. The potential that this sentiment would overwhelm South Africa's mining debate is great when one considers that it is really only the business press, the mining industry itself, and the handful of market-friendly think-tanks that question whether these ideas can be implemented in reality. The populist sentiment can be summarised very well in a quote from a leading activist for miners' rights that it will take the average mineworker almost 400 years to earn what a mining boss earns.

The claim was made to our research team that up to 78% of mining companies do not pay any taxes.

The hostility of much of civil society towards South Africa's mining industry extends very much further. For example, the claim was made to our research team that up to 78% of mining companies do not pay any taxes. The IRR never received any substantiation for this claim, but the fact that it is made shows the extent to which the mining industry is ridiculed for its contribution to social and economic investment in a number of quarters.

A theme that ran through many of our interviews with civil society activists was that the corporate social investment initiatives of mining companies were nothing more than public relations exercises targeted at covering up the appalling socio-economic circumstances in which many miners continue to live. For example, it was explained that mining companies typically build a housing project here or a school there as showcases of their professed commitment to socio-economic development. However, the reality of life for most mineworkers and their families remains dire. It is partly because corporate social investment (CSI) initiatives are regarded with such suspicion that the argument is made that mines should be nationalised and their resources distributed equally among the communities in which they are present.

A further accusation made against the mining industry was a peculiar one. This was that greed causes competing mining companies to over-produce minerals. The result is that the prices of those same minerals and resources decline, putting the very future of the mining industry in peril. It was again explained to our researchers that under a more socialist system such greed would not be present and the mining industry would improve.

The Government was accused of having one foot in the labour movement and one in the mining industry.

A further argument was that there is unhealthy cooperation between the mining industry and the Government. Here, the view was expressed that big business in South Africa is subsidised by the Government, which in turn benefits corruptly, so that there is no incentive for either the Government or the mining industry to improve the socio-economic circumstances of mineworkers. It was explained to us that this is a key reason why mineworkers do not benefit from the mining industry. The view was put that there is a lot more cooperation between the Government and mining industry than there seems to be on the surface, with one organisation's representative accusing the Government of having one foot in the labour movement and one in the mining industry. This is what leads to the inconsistent policies that are so detrimental to the industry, we were told.

A further example of collusion between the Government and the mining houses was made of the discounted electricity received by some mining companies through deals they had signed with the Government. One prominent case that has been in the South African media is BHP Billiton, which allegedly receives electricity from Eskom at a discounted rate. It was the view of mining activists that such collaboration is doubly unfair as mining companies take resources from poor communities and invest them in the mining sector. Views of the kind just cited seem to be deeply held by a number of prominent civil society activists in South Africa.

So deeply are these views held that one mining activist said that she believes there is no middle ground to be found between the mining industry and its employees. It is the view of this individual that the profit motive of the mining sector and the importance the sector places on satisfying the demands of its investors means that it will be engaged in a perpetual onslaught against the wages, jobs, and working and living conditions of mineworkers. Nationalisation is therefore seen as the only possible response that could meet the socio-economic expectations of people working in the mining industry.

One civil society organisation accused a mine in the platinum sector of having 10 000 sub-contracted workers out of a total of 11 000.

Some civil society organisations nevertheless admit that the mining industry is in a tight spot financially. It was agreed that this tight spot is a leading contributing factor to the unsatisfactory social and economic circumstances of mineworkers. However, in the minds of the critics, this very tight spot is why worker control of the mining industry through nationalisation is so important. It was argued that, under worker control, entire communities would become sympathetic to hostile global financial conditions and that such communities would not be driven to the protests and strikes which have done so much damage to the South African mining industry in recent years.

A further theme that developed in our interviews with civil society leaders was the question of labour broking in the South African mining industry. It was explained to our researchers that in many cases mining companies make extensive use of sub-contracted labour. This sub-contraction of labour produces what we were told was the starvation of mineworkers' salaries. One civil society organisation accused a mine in the platinum sector of having 10 000 sub-contracted workers out of a total of 11 000.

A number of civil society activists were quite hostile to certain leaders in the trade union movement. For example, our researchers were told that certain trade unions do not do nearly enough to defend their workers. In some cases trade unions were accused of actively colluding with the mining industry to shut down shafts and encourage their workers to take severance packages. While many readers will assume that this accusation was directed at the NUM, which has a reputation for being more pragmatic than Amcu, that was not always the case. In fact, the accusation was made that Amcu, despite its militant reputation, is often hostile to the interests of mineworkers.

There is a 'conscious underpayment of mineworkers in South Africa'.

As a general rule, the future plans of the mining industry to improve the socio-economic circumstances of their workers were treated with derision. It was explained to us that the mining charter, which the mining industry holds aloft as an example of the commitment to socio-economic transformation, is nothing more than a ruse or smokescreen to detract attention from the failures of the mining industry. It was explained that despite the professed commitment of one platinum producer to move its workers from hostels into flats it has priced its flats in such a manner that they are not accessible to most of the mineworkers. In addition, the price of these flats is significantly in excess of the living-out allowance paid to mineworkers. The accusation was made that, even in professing to improve the socio-economic conditions of mineworkers, mining companies were identifying new means to exploit those same workers and that there is a 'conscious underpayment of mineworkers in South Africa'.

The Government did not escape the criticism of civil society activists in the mining industry. It was claimed that the Rustenburg municipality has a budget of approximately R2 billion to wipe out the slum-like conditions in which many miners in that part of the country are forced to live. But, we were told, mining companies pay out nearly R29 billion to their shareholders in dividends. This was seen as an example of the collusion that exists between the mining industry and the Government to deliberately undermine the socio-economic circumstances of mineworkers in South Africa. However, at times we detected a different sentiment among certain activists for mineworkers' rights. For example, despite the derision that generally greeted the socio-economic upliftment efforts of mining companies, one prominent activist explained to us that there are certain companies that might be prepared to make a genuine effort to improve the socio-economic circumstances of their workers.

The final point of criticism that many in the civil society sector directed at the mining industry related to environmental damage. Specific reference was made to coal mining in South Africa's north-eastern provinces. One activist told our research team of the 'ruthless plundering' that the mining industry is guilty of against the environment, the health of their own staff, and the health and living standards of the communities that exist near mines.

CHAPTER FOUR:

TRADE UNIONS: FRIEND OR FOE?

Our interviews in the trade union sector delivered new and interesting insights and surprised a number of our researchers. There are three dominant trade unions in the mining sector. The first is the National Union of Mineworkers (NUM), an affiliate of the South African Congress of Trade Unions (Cosatu), which is allied to the African National Congress (ANC). The second is the Solidarity trade union, which grew out of the apartheid-era white Mineworkers Union. The third is the Association Mineworkers and Construction Union (Amcu), the rise of which has changed the labour and trade union environment as it relates to mining. The IRR received generous cooperation from both the NUM and Solidarity in compiling this report. Unfortunately we were unable to secure an interview with Amcu.

The impression our researchers got was that there is a good degree of cooperation and understanding between Solidarity and the NUM. There also seems to be common ground on some issues between these two trade unions and the views of the mining executives that we were able to interview.

Miners produce a luxury product for the rich but generally inhabit a world in which they will never enjoy such products.

Our interviews suggested that there was, however, a great deal of animosity, fear, and conflict between AMCU and the other two unions. It was explained to us, for example, that much of the volatile labour environment and criticism directed at the mining industry in South Africa was the result of the impression created by AMCU and certain activists in civil society. Miners produce a luxury product for the rich but generally inhabit a world in which they will never enjoy such products. This is an ultimate conflict for the industry and makes it very easy for radical activists to raise tensions and expectations, and therefore sensation, around the industry itself.

It would be a mistake, however, to hold that the trade union movement is unanimous in presenting this picture of the South African mining industry. More often than not we found that the concerns and wishes of the trade union movement were pragmatic and expressed with the view that the mining industry itself needed to be a success in order for it to do more to improve the socio-economic circumstances of its workers.

Mineworkers, because of their relatively low economic standard, experience inflation at a rate much higher than that of CPI.

When we posed the question to a leading mining trade unionist of what he would desire for his workers in an ideal world, his answer was that wage increases in excess of inflation are essential to mineworkers. Because of their relatively low economic standards, they experience inflation at a rate much higher than that of the consumer price index (CPI). In addition, mineworkers would like to own their own homes. Arguably the best way in which the mining industry could improve the socio-economic circumstances of its workers would be to leave them and their families with a lasting asset such as a home. Lastly, a more generous medical aid scheme which covers not just the mineworker but his family as well would be beneficial. Owing to the dangers of working in the mining industry, medical aid should not be seen as a luxury for a mineworker.

The pragmatism with which certain trade union leaders approach the industry was evident in the fact that when we asked them about productivity we did not meet with hostility or evasive answers. Rather, it was admitted to us by one trade union leader that the productivity of South Africa's mining workforce is a problem. The reasons he gave were enlightening. The first was long travelling times to get workers to their area of work. The second was the poor quality of many of South Africa's ore bodies, meaning that they produced poor results. The third was industrial relations related to work stoppages.

It is certainly not a view widely expressed in South Africa's business press or in the board rooms where we have spoken that there is awareness by some trade unions that poor industrial relations damage the mining sector and therefore the socio-economic circumstances of mineworkers. Further contributing to low productivity, according to trade union leaders, is a lack of motivation in the mining sector due to difficult working conditions and a lack of upward mobility.

More surprises were to come. It was explained to us, for example, that there were many government regulations that could be simplified in order to be less taxing on employers. The result would be that employers could be more efficient and hence in a better position to meet the socio-economic demands and expectations of workers in the mining industry.

Mineworkers come from very remote areas to work on the mines, leaving their families behind. In some cases this leads to second families.

When we asked why it is that the living and socio-economic circumstances of miners have attracted such considerable attention whereas circumstances in other industries have not, we were told that migrant labour remains important to the mining industry. As a result, workers are sent from very remote areas, leaving their families behind. In some cases this leads to mineworkers' maintaining two households, which places additional strain on them.

This raises the question of whether it will ever be possible to secure significantly improved circumstances for mineworkers in an environment where they are using their limited incomes to try and maintain two different households.

A further point made to us by trade unions echoed a point that had been made by mining executives. This is that most miners do not use their living-out allowances for the purpose they were intended for. Many workers would rather invest that allowance by sending it home or spending it on other goods and services than in improving their living conditions around the mine. When we asked whether there was an alternative to the migrant labour system a surprising answer we got is that in many cases local workers are not interested in taking very tough jobs like mining. The only people that could readily be found to undertake such work are people that come from distant rural areas and for whom such hardship poses less of an impediment to work than to people living in the vicinity of certain mines. This view contradicted very strongly that of the civil society activists in the mining industry who held that the localisation of the mining workforce was an important step to improving the socio-economic circumstances of people living in communities around the mines. Here the trade unions made another sound point, and one we felt the civil society activists tend to overlook, that while mines might be centred in some of South Africa's northern provinces they were making a direct contribution to socio-economic development in provinces very far away through the wages they paid to mineworkers — who then sent money back to their rural homes. To localise workforces or to set quotas for such localisation, as has been suggested by some civil society activists, would be to expose those rural homesteads to even greater hardships.

Many workers would rather invest that allowance by sending it home or spending it on other goods and services than in improving their living conditions around the mine.

This explains the dilemma that faces the mining industry and its ability to meet all the demands placed upon it. It should be able to create greater socio-economic prosperity in the communities it mines in, it should contribute to such prosperity in the taxes it pays, and it has to maintain the prosperity of the people in the labour-sending areas. When you consider that it is in many respects an industry under great pressure anyway, it might well be the case that too much is being expected of it.

More pragmatism was to be found in the trade union movement. A comment we certainly did not expect to encounter was that many unions live in an out-dated ideological framework that considers mining companies to be exploiters of mining labour. It was explained to our researchers that there are key leaders within the trade union movement that move beyond this ideological framework and see themselves as partners of the mining industry who have to work together to improve the socio-economic circumstances of the people they represent.

Many workers live in poor conditions and people living in such conditions are very vulnerable to populist rhetoric.

The question of Marikana and what caused it was put to the trade unions. A number of explanations emerged. The first is poor labour relations and management of mines, leading to a situation of distrust between workers and mine management. A second is trade union rivalry, especially between Amcu and other players in the industry. A third is the socio-economic circumstances of mineworkers. Trade unions were quick to point out that many of their workers live in poor conditions and that people living in such conditions are vulnerable to populist rhetoric. This, they said, had been a contributing factor to the Marikana incident.

A further point that was made to our research team was the role that unscrupulous micro lenders play in exploiting mineworkers. We were told that mineworkers living in poor socio-economic circumstances have made extensive use of unscrupulous micro lenders.

Perhaps the only piece of common ground that exists between the mining industry, trade unions, and civil society organisations is the Government's failure to use tax revenues effectively to improve conditions around mine areas.

The IRR has unique expertise in the analysis of service delivery patterns in South Africa. It holds the lone view that the argument that service delivery has failed should be rejected. Much more has been achieved in terms of improving the socio-economic circumstances of people than the Government has been given credit for. However, we are among the first to admit that corruption and mismanagement in the Government means that much more could have been achieved. It is a sound analysis that corruption and incompetence in the Government are contributing factors to the poor socio-economic circumstances many South African mineworkers and their families find themselves in.

The only thing that mining houses, trade unions, and civil society organisations agreed on was the poor performance by the Government.

As a result of all these conversations and insights, it is clear that the mining industry in South Africa, its problems, and the socio-economic circumstances of mineworkers cannot be divorced from the greater socio-economic circumstances of the country as a whole. This is a point that was made to us by one trade union leader. It will be a point that we rely on heavily in the concluding section of this report, where we suggest what might be done differently.

CHAPTER FIVE:

MINEWORKERS: THE FORGOTTEN PEOPLE

Once the IRR staff were able to get beyond the arguments about mining policy, ownership, resource prices, and the like, the true nature and socio-economic conditions of people who work in the mining industry became obvious.

Our research team did not rely simply on miners currently employed in the sector. It went further back and was able to identify mineworkers who had been employed as far back as 1940. In an interview in the Eastern Cape, the following story was told to our research team by a group of mineworkers who had been mostly employed in the mining industry prior to 1994. They explained how they had been expected to sleep in carved concrete holes that were meant to operate as bunk beds. They were given only one blanket to sleep with and had to use their arms as pillows. Our team was told that there would often be between twenty and forty men in one room. A fire, or *imbawula*, would be lit inside the room to provide heat in winter. The doors were never locked and there was never any security for the miners' possessions. They were forced to shower in very large shower rooms. Occasionally the water was hot but sometimes only cold water was available. It was also explained that at times there was no water available and that the mineworkers had to go and wash in a local dam. One mineworker told the story of running away from a mine in Kuruman in the 1970s because conditions were so bad. He explains that he was caught and taken back to the mine where, as punishment, he was locked up in a cell which had been sprayed with water to prevent him from sleeping on its floor.

They explained how they had been expected to sleep in carved concrete holes that were meant to operate as bunk beds.

Other miners told stories of how they would be denied food for indiscipline. When they did eat, the meals were very meagre. One man explained how they would be typically fed on pumpkin that was unpeeled and unseeded. This was combined with carrots and pap and mixed with a spade. Sometimes there were offcuts of meat (the man said on Wednesdays) but this was rare. The miners were never really sure what type of meat they were eating because it was so low grade. One man said that the quality of food was so poor that he wouldn't feed it to an animal.

A man who had been a barman at a mine clubhouse said he had been able to obtain far more nutritious food including fruit and milk because of his relatively senior position. However, this applied to only a select few mineworkers.

Our team asked the focus group of former mineworkers what mining companies could have done differently to improve their socio-economic circumstances. Here the answer was unanimous: they felt that they had worked very hard to build the mining industry but had never been compensated fairly in terms of wages and benefits. Many miners complained that even where they had wages deducted for things such as unemployment insurance, they were never paid out for those deductions after they left their mining jobs.

Ex-mineworkers felt that they had worked very hard to build the mining industry but had never been compensated fairly in terms of wages and benefits.

A particularly powerful insight into the nature of the mining industry prior to 1994 came when it was explained to our team how mineworkers had been trained. It was explained that the workers had to play a game called *umlabalaba* to test their cognitive skills. They also had to do 'heat tests' and the like and, depending on how they performed, would be assigned to certain jobs on the mine.

On the question of trade unions, it was explained to us that mineworkers of the 1960s and prior years had never heard of such a thing while those of the 1970s associated trade unions with white people only. Those employed later than the 1980s said that they knew of the NUM, for example, but that they had very little confidence in it or in trade unions in general. When pushed for an answer as to why they had so little confidence in trade unions they responded that, despite paying dues and being members of unions, mineworkers had continued to lose their jobs. This lack of faith in mining unions was a point that our team picked up on during interviews it did at Lonmin's Marikana mine. Here it was explained to us that the NUM does not appear to have the interests of mineworkers at heart. It was also explained that AMCU listens and reports back to workers after a meeting and takes their interests seriously, whereas the NUM does not.

On the question of second families, which is a point that had been highlighted for us by the other three sectors mentioned in this report, the mineworkers and their families who were interviewed in the Eastern Cape said that this is a relatively new phenomenon that affects younger mineworkers. Those who mined prior to 1994 experienced such harsh restriction on their movements such that there was little chance for them to establish relationships with women outside of the mine compounds. They also explained to us that their wages would often be retained by the then migrant recruiting company, The Employment Bureau of Africa (TEBA), until they had completed their contracts. They would thus have had no financial means with which to support a second family. The miners also said that in the old days they would resist being "swallowed by Gauteng" and that when they had completed their contracts or saved enough money they would go home to support their families.

"NUM does not have the interests of mineworkers at heart."

Circumstances in the post-1994 era do appear to have improved appreciably from those prior to 1994. For example, during our team's (unauthorised) visit to one of Lonmin's mining hostels we were able to walk around freely and see the current living conditions for ourselves. Here, a very different picture greeted us to that of the concrete bunks and cold water showers that had characterised much of the mining industry in decades past. Our staff observed accommodation that, while not attractive, was relatively clean, safe, and comfortable. In some cases we observed mineworkers living in rooms that housed up to nine men, showing that, although living conditions have largely improved, hostel-style accommodation is still widespread. Our team also made its way into the men's bathrooms, which they described as unpleasant and not as clean as the sleeping quarters. According to one team member the circumstances in those bathrooms were "grim": there were no doors on any of the toilet and shower cubicles, and it appeared as if the facility hadn't been properly cleaned or maintained in a long time.

One mineworker we interviewed said that he earns a salary of R8 000 a month before tax, inclusive of his living-out allowance.

One mineworker we interviewed at Marikana explained that he was a twenty-year veteran of the mining industry. He had suffered a serious injury but had been placed by the mine in a less physical position. He said he receives a living-out allowance of R1 900 a month and has chosen to live in a shack with his family — a wife (who is unemployed) and four children. In an average month he spends up to R2 000 on groceries and a further R1 000 to ensure that his children get to school. He explained that he receives a medical aid package for which he pays R600 a month and that this allows him full cover at the local mining hospital and three further doctor's visits a year. This cover relates only to him. He earns a salary of R8 000 a month before tax, inclusive of his living-out allowance.

A second mineworker told a similar story. He earns approximately R5 000 a month. He sends R3 000 of this money home to support his wife and three children in the Eastern Cape. His wife is unemployed.

Our team sought to gain an insight into how hard it is for a man like this to live in a place like Marikana. He explained that for breakfast he typically eats porridge and six slices of bread, for lunch pap and gravy, and the same for dinner. Meat and vegetables are limited.

The two-bedroom unit was furnished with a satellite television decoder, a television, an exercise bike, a fridge, and a washing machine.

A third mineworker, a rock drill operator, earns R6 000 a month after deductions, which include R1 950 a month for his accommodation, transport, and food. Mineworkers who live in the hostels receive R950 worth of food coupons for the month, which typically only last for two weeks, forcing them to spend more money to supplement their meals. It was explained that three secure meals a day for the month would be preferred to the current coupon system. The mineworker in question is from Mpumalanga, where he has a wife and two children. He is a resident in the single-sex quarters of the mine and explained that no one is happy to live there. He is currently on a waiting list to get into the mine's family units but he said access to such units depends on how long you have been employed at the mine. There was also the suggestion, although we were never able to verify this point, that there is a certain degree of corruption at play and that mineworkers have to bribe someone in order to get access to better accommodation, namely the family units.

Our research team also saw a number of the coveted family units. Here they interviewed a female miner. She explained that she lives in the family unit with her husband and two children. Her husband also works on the mine. The circumstances in these family units are vastly different from those in the single-sex quarters. In the case of this specific family, for example, the two-bedroom unit was furnished with a satellite television decoder, a television, an exercise bike, a fridge, and a washing machine. It also had a bathroom, consisting of a toilet and bathtub.

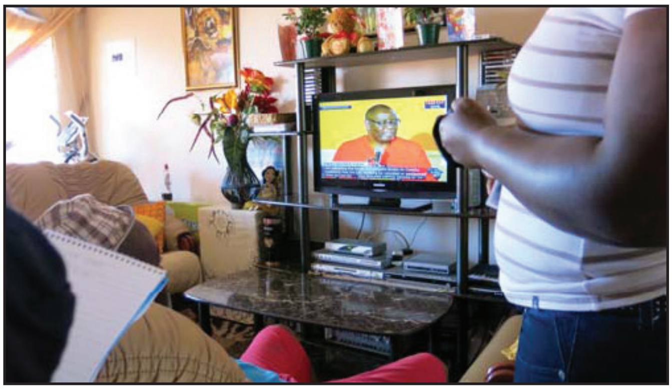
Our team interviewed a second family, from Mozambique, which was also housed in one of the family units. The circumstances were again quite pleasant and the man in question lived there with his wife and young child.

A fee of R800 is necessary to install a tap near his shack in Nkaneng.

An insight our team was able to gain was that the circumstances of miners vary considerably both over time and within the same mine. The harsh environment of the mining dormitories we observed was very different to the upscale and pleasing environment of the family units we were able to observe. Commentary on the socio-economic circumstances of mineworkers is therefore complex. It is very obvious from our investigations, both in the Eastern Cape and on the mines themselves, that a 'one explanation fits all' approach is to greatly oversimplify the questions this report is trying to answer.

If the family units we observed are the future of the South African mining industry then that industry is to be congratulated because very little fault can be found in providing that level of quality accommodation for one's work force. However, it remains the case that such accommodation applies to a minority of mineworkers.

Our team also visited shack settlements on the outskirts of mines in the North West. Here, we interviewed mineworkers who live in truly appalling circumstances. For example, not all shacks are connected to taps with running water. We were told by one man that a fee of R800 is necessary to get the local municipality to install a tap near his shack.



CONCLUSION: FLEXIBILITY AND CHOICE

The plight of South Africa's mining industry must be seen against a number of factors.

The first is that it grew up side-by-side with a key component of the apartheid system, migratory labour housed in compounds (now generally known as "hostels"). This has helped to generate hostility from the ruling party and many organisations in civil society. The entire system was for many years blamed for promiscuity and the breakup of family life as miners, separated for months on end from their wives, looked for sexual favours elsewhere.

The migratory and compound system has in the past also been blamed for violence. Between 1973 and 1976 some 200 people, including those shot by the police, were killed in 54 riots on 34 mines. A government investigation found that some of these riots were due to ethnic factors exacerbated by the living conditions of migrant workers, although some were blamed on wage differentials and on a deferred pay system in terms of which miners from some neighbouring states had to return home before they could get all their wages.[10]

In more recent years, according to Vusi Mabena, head of transformation at the Chamber of Mines, the relatively high HIV/AIDS prevalence rate in the mining industry has been blamed on the migratory labour and hostel system.[11]

The second factor to be borne in mind is the steadily rising labour and other costs confronting the industry when its revenues, given the nature of commodity markets, benefit from no such steady increase and may indeed fall for a period of time. Looking at prices in real rand terms, gold is the only commodity to have gained in the last 10 years. Coal is back to where it was 10 years ago. Platinum has also fallen to its lowest real price in the last decade, with a 31% decline on its highest price since 2008.[12]

A third factor is the problems confronting communities all over South Africa. Protests against poor "service delivery" by local authorities have become a permanent feature of the country's social and political landscape. Many of these protests turn violent, often as a result of frustration at the failure of local authorities to respond to community demands over housing, water, sanitation, and other issues. Corruption, incompetence, and the lack of a culture of accountability complicate this troubled picture.

A fourth factor is housing. Although the number of households living in formal housing in South Africa has increased from 3.4 million in 1996, to 8.3 million in 2011, the number of households living in informal dwellings has also increased — from 1.4 million to 1.9 million.

This does not mean that the housing delivery programme is a failure — only that, rapid as the provision of new housing has been, it has not been rapid enough to keep up with demand arising from such factors as population growth, declining average household size, and urbanisation.

Some informal dwellings are erected in the backyards of formal dwellings. But the country also contains some 2 700 informal settlements, most of them characterised by large numbers of shacks and shanties erected by households themselves. Across the country at least 700 000 households live in shacks in shack settlements. Dating back long before the transition in 1994, successive governments have for various reasons promised — or threatened — to eradicate such settlements. They have never succeeded in doing this, for the simple reason that shack settlements are a form of affordable housing for poor families.

10 *Financial Mail*, 7 July 1978.

11 *The Star*, 12 December 2012.

12 PWC: *SA Mine — Highlighting Trends in the South African Mining Industry,* November 2013.

Eradicating them would involve large-scale coercion. It would also be futile, as the householders would simply re-erect their shacks somewhere else, as happened frequently when the apartheid government sought to eradicate shack settlements.

To the outsider such shacks appear ugly and uncomfortable. But they vary considerably. IRR researchers have visited double-storey shacks, as well as shacks whose walls have been wallpapered in ingenious ways — for example, with labels printed for tinned food or other forms of packaging. The viewer of one Sky News television programme commented that the camera had shown new fridges, carpets, and microwaves in some of the shacks at Marikana.[13] Satellite dishes and electricity connections on many shacks are plainly visible to motorists driving past shack settlements adjoining many South African highways.

Incomes of shack dwellers also vary. Studies in the past have shown average incomes in shacks on the Cape Flats outside Cape Town, for example, to be higher than incomes in formal townships in the Eastern Cape. This was because employment and wages were both higher in Cape Town than in the Eastern Cape. There are also cases where people who own formal houses lose their jobs and then move into a shack, while letting out their formal house as a source of income.

It is therefore important to avoid generalising about shack settlements or the people who live in them.

A fifth factor is the behaviour of the South African Police Service (SAPS). Studies by the IRR[14] have shown it to be frequently violent. Last year, for example, more than 6 000 complaints were laid against the police for deaths as a result of police action, rapes by police officials, and brutality in the form of torture and assault. Although the Farlam Commission investigating the shootings at Marikana has yet to produce its report, a great deal of the evidence presented to that commission suggests behaviour on the part of the police that at the very least was lawless, but which may in fact have been criminal. The president of the Inkatha Freedom Party, Chief Mangosuthu Buthelezi, went as far as saying that the miners had been "mowed down in cold blood by the State's security services" — a view in which he is by no means alone.[15] A leading mining lawyer, Peter Leon, pointed out that not a single police officer had been arrested let alone charged after the shootings.[16]

We mention this because much of the commentary post-Marikana has been to focus not on the shooting itself but on the migratory labour system and on the living conditions of mineworkers in the vicinity. Some of the commentary comes close to making these scapegoats for what the police did. A senior minister, Trevor Manuel, said that the causes of Marikana went back at least a few centuries and arose from a history of colonial oppression overlaid with exploitation of natural resources, combined with failure to address the living conditions of mineworkers and their families.[17]

There is some truth in what Manuel says, as is clear from Chapter Two of this report. However, the poor living conditions of miners and their families — as of others — in townships or shack settlements are primarily the responsibility of the Government, not of mining companies. Neither mining nor other companies have featured more than occasionally as targets of complaint in any of the thousands of protests referred to above. In almost all cases the complaints have been directed at the Government; protesting communities correctly hold the Government responsible for how it implements its own promises of better housing and more efficient "service delivery". Mr Manuel in fact has admitted that "local municipalities and other spheres of government should take some of the blame" for the problems confronting migrant workers. He also noted that mining houses could not provide decent accommoda-

13 *Business Report*, 4 December 2012.

14 South African Institute of Race Relations, *Broken Blue Line*, February 2011.

15 Statement, 19 August 2013; *Business Day*, 11 March 2014.

16 *Business Report*, 15 August 2013.

17 *City Press*, 22 September 2013.

tion for all their workers, while the government itself could not meet the growing demand for low-cost housing.[18]

That said, calls for the abolition of the migratory labour system and for all mineworkers to be housed on or near the mines with their families seem to be intensifying. The same applies to calls upon mining companies to take over responsibility for some of the townships and settlements where mineworkers live. However, as this report has already indicated, it is not that simple.

Most obviously there is the question of costs and jobs. Mining in the last decade, according to the National Development Plan (NDP), has shed 128 000 jobs. Additional labour costs, whether direct or in the form of higher housing costs, will inevitably further reduce jobs in mining, especially as new and less labour-intensive extraction techniques are implemented, both to reduce exposure to unpredictable labour and promote higher productivity. According to one mining analyst, wages on the mines have been rising at double-digit levels over the past 10 years, but there have been no productivity increases over that period.[19] Moreover, South African mines on average work 90 days fewer than their international counterparts — 230-260 days as against 330-360.[20]

While some of the civil society organisations we interviewed have suggested that nationalisation will make all sorts of things possible in the mining industry, a study of 37 mining companies whose primary listings are on the Johannesburg Stock Exchange shows that the additional proportion of revenue that would be diverted from shareholders to the State amounts to only 20% of the current value distributed by these companies. Some 37% of their funds are reinvested, 36% is paid out to employees, 21% already goes to the State in the form of taxes and royalties, 4% goes for borrowings, and 2% goes into community investments, leaving 20% for dividends paid to shareholders.[21]

At the time of the Marikana massacre television viewers were shocked at the squalor of some of the shack settlements in which miners lived. Some of the organisations we spoke to suggested that mining taxes should be recycled into these areas.

There is, however, a problem here. In the first place, if company taxation were redirected to the localities in which particular companies work, the amount available to the fiscus for more general expenditure would be reduced. In the second place, which areas should companies accept responsibility for — those where the mines are located or those from which many miners migrate? Given that more than 100 000 migrant miners come from neighbouring states, must the mining companies accept responsibility for development in those areas?

It is in any event the case that some companies have taken over some of the responsibility for what various branches of government should be doing. Shortly before the Marikana massacre, Lonmin had already started a refuse collection service in the nearby Nkaneng shack settlement. Local authorities in the wider North West province have for several years been badly mismanaged and dysfunctional — so much so that the ANC has admitted to concern about the safety of its own members in that area. Another company, Northam Platinum, said that it had had to build a power line which it had then handed over to Eskom. It had built 300 houses for its workers but then had to wait three and a half years before power was provided for them. The company said, "It's ridiculous that we pay rates and taxes on our properties and the housing developments but we still have to provide the facilities to remove the rubbish. If the road networks are not improved, we are going to have accidents. There is so much infrastructure required in this country and it can't all be placed on one industry."[22]

18 *City Press,* 22 September 2013.

19 *Business Report,* 8 April 2013.

20 *The Star*, 14 December 2012.

21 PWC, ibid.

22 *Business Day*, 14 June and 15 August 2013, 24 February 2014.

This is indeed a much wider problem in South Africa. Government at all three levels is so often dysfunctional that the private sector steps in to help, over and above the taxes it pays.

This applies not only to housing and community amenities, but also to education, health care, crime prevention, and a great many other fields. Very often this type of intervention — and expenditure — is in addition to the requirements of black economic empowerment (BEE) and, in the mining industry, social and labour plans. These interventions seem to be on the increase at the very time that the size of the public sector is also on the increase — employment by government having risen from 1.31 million in 1990 to 1.96 million in 2013. The cost of such interventions, it may be argued, is necessary to help promote both local harmony and stability. At the same time, as indicated in Chapter Two, shareholders may in due course shy away from continuing to inject capital into South African mining, especially when that industry is encumbered by policy and commodity-price uncertainties as well.

Most prominent among those calling post-Marikana for abolition and elimination — or reform — of the migratory labour system has been Kgalema Motlanthe, former deputy president of South Africa. He said it was "a scar on the face of democracy". The mining industry "has remained a prisoner of its apartheid past in this core element of cheap labour sourced through a migrant's punishing annual work cycle and all the evils associated with that work cycle. No amount of employment equity plans and empowerment transactions have ventured to tamper with this." The mines, he argued, had made no attempt to find a more humane alternative to the migratory system.

Early in 2013 Mr Motlanthe seemed to call for the abolition of the migratory labour system, which he blamed for deepening rural poverty, breaking up families, and having dire consequences for the dependants of migrant workers — mainly women and children who barely had access to education or jobs. Later in the year he appeared to have modified his position. He no longer called for the abolition of migratory labour. Instead, he said, the Government proposed replacing it with a shift system in which mineworkers would work for about eight weeks and then get two weeks off. The idea was to "create a system that rebuilds the migrant miners family through short work cycles, that would ensure a reinstatement of maximum remittances home to increase cash flow to the rural poor, that would significantly reduce the propensity for HIV infections, that would enhance attendance and reduce absenteeism, and drive up both productivity and ensure that mining becomes a more attractive industry to work in and invest in."[23]

Motlanthe's ambivalence illustrates the complexity of the challenge. Cyril Ramaphosa, deputy president of the ANC and the man responsible for building up the NUM, has said that instead of dropping migrant labour the system should be transformed. Reform has in fact been under way for several years. Unfortunately, the reforms have sometimes had unintended consequences which, in the view of some observers, have made problems worse, not better.

Before we discuss these, it is necessary to present some statistics about migratory labour. According to Statistics South Africa there are altogether some three million migrant workers in South Africa.[24] This suggests that there are about 1.25 million more migrants in South Africa now than was the case in the mid-1970s, when a study put the number at 1.75 million, of whom 260 000 were women and 400 000 foreign.[25] It also tells us that although the migratory labour and compound system were key elements of the apartheid system and were indeed provided for in legislation, economic factors in southern Africa have also helped to perpetuate the migratory system beyond the apartheid era.

Of current migrants, 42% of these return home at annual or six-monthly intervals, most of the rest returning home more frequently. The phenomenon of migrancy not only dates back nearly 150 years

23 *Weekend Argus,* 10 November 2012; *Financial Mail,* 1 to 6 February, 11 to 16 October 2013; *Mining Weekly,* 6 to 12 September 2013; *Business Report,* 22 September 2013.

24 Business Day, 28 July 2006.

25 *Financial Mail*, 19 September 1975.

but also goes far beyond mining. A study published in the 1970s thus showed that of the 1.75 million migrant workers in South Africa, both local and foreign, 26% worked in the services sector, 20% in manufacturing, 13% each in agriculture and the public sector, 10% in construction, and 8% in trade and finance. Only 9% were employed in the mining sector.[26]

According to one analysis, South Africa's gold, platinum, and coal mines employed 115 000 workers from neighbouring countries in 2011, against 159 000 five years earlier. Some 50 000 of the 2011 complement were from Mozambique and a similar number from Lesotho, with the balance from Botswana and Swaziland. These foreigners represent about a third of the 418 000 workers on these mines.[27] This, as indicated in Chapter Two, is a dramatic change from the position in the early 1970s, when foreigners constituted three quarters of black miners. Previously, as also indicated in Chapter Two, virtually all of these workers would have been housed in hostels, as that was the policy enforced by the previous government.

A different analysis, focusing only on gold and platinum mines, showed that 68 000 workers were non-South African and that of the 274 000 South Africans employed, 70% were migrants from within the country.[28] This means that the gold and platinum mines between them employ some 250 000 migrant workers, both local and foreign.

This single figure dramatises the extent of the challenge confronting the mining industry as a result of growing demands over the living conditions of its migratory workers. Getting rid of the migratory labour system by insisting only on local labour potentially renders 250 000 current workers jobless, with devastating consequences not only for them but also for their families. On the other hand, turning 250 000 migrants and their families into permanent urban residents whether on the mines or in nearby formal townships will be extremely costly.

Statistics on migrancy for individual companies are not readily available. But Impala Platinum no longer actively recruits migrant labour. Its migrant labour component has dropped from 25 to 13% in recent years through natural attrition and its policy is to recruit local labour actively. Of the foreigners, 35% stay in hostels.[29] Lonmin says 84% of its workers are South Africans, a third of them from the Eastern Cape.[30]

If migratory labour were to be abolished, presumably all 115 000 foreign workers would have to move to the mines with their families. Aside from the costs thereof, we do not know whether this would be the choice of those workers, or of their families, or of the Lesotho government (the poorest major foreign supplier). In the wake of Marikana, where four of those killed by the police were Lesotho nationals, that country's prime minister, Tom Thabane, called for the reinstatement of the formal recruiting system, one aspect of which is that part of the miners' remittances are banked in Lesotho so that its nationals return home at the end of their contracts. (This, as noted above, has in the past been a source of dissatisfaction among miners who do not want their wages to be paid over to governments.) Mr Thabane recalled that South African mines had historically recruited many skilled shaft sinkers from his country. "We are the best shaft sinkers. In Marikana we sank the shafts. It's our skill and we have to sell it and get a price for it."[31]

Basotho have indeed long since had a reputation for their shaft-sinking abilities — just as people from the Eastern Cape are famous for their rock-drilling skills. What also emerges from this is that the migra-

26 *Financial Mail*, 19 September 1975.

27 *Mail and Guardian,* 22 to 28 February 2013.

28 *City Press*, 17 November 2013.

29 *Financial Mail*, 1 to 6 February 2013.

30 *Financial Mail*, 11 to 16 October 2013.

31 *Business Day*, 19 October 2012.

tory labour system has for decades been knitted into the fabric of the labour market of both South Africa and some of its neighbours. For many years South Africans were reluctant to accept the low wages or dangerous working conditions on our mines, so that foreign black workers made a major contribution to the South African mining industry at a time when only 25% of its black employees were South Africans, and in gold mining in the early 1970s only 20%. In the 1970s, the Chamber of Mines had as many as 55 labour recruiting stations in neighbouring states, against 66 in South Africa itself.[32] Any reform of the migratory labour system which failed to take into account the interests of our neighbouring states, and in particular landlocked Lesotho, would be an injustice.

Even though the complicating factor of foreign nationality is absent, similar considerations apply to South Africans recruited for the mines from the rural parts of South Africa, and in particular the Eastern Cape, which has long been a major source of migrant labour. A recent study by an economics lecturer at the University of Johannesburg pointed out that the remittances sent by mine and other workers to family members in South Africa's rural areas reduced the incidence of absolute poverty in these areas from 67% to 47%.[33] Ending the migratory labour system would greatly reduce and perhaps even terminate this source of income, so damaging not only families but also local rural economies. One gold-mining company said that replacing migratory with local labour would have serious consequences for some of its employees, who had been with the company for 15 or 20 years.[34]

There would be two ways of ending the migratory labour system. One would be to bar recruitment in rural areas, compelling mining companies to recruit only local labour, a policy which would probably force wages up — but which might also leave the mines with labour shortages, urbanised workers having frequently in the past shown reluctance to go down the mines. One business representative familiar with the mining industry went as far as suggesting that "the idea that labour can be drawn from urban areas is a fantasy".[35] Prohibiting recruitment in rural areas would at the same time destroy a major source of jobs for people willing to leave their homes in rural areas on short-term mine contracts.

The second means of ending migratory labour would be to arrange for migrants recruited in rural areas to take their families with them to the mines. This option would put costs up. If workers who brought their families were not to be housed on the mines, they would have to find accommodation in nearby villages. However, there have been indications from some local communities that they would not welcome permanent settlement of migrant miners among them.[36] Abolition of migrant labour would also reduce jobs available to rural people unwilling to urbanise with their families on a permanent basis. Mpho Litha, head of community engagement at AmPlats, points out that the natural affinity for many of that company's workers is farming, and that many of them own cattle. He suggests that one option might be for the company to help them to "become better cattle farmers back in their home villages".[37] Farming activities back home have also helped to sustain the platinum mineworkers who had been on strike for eight weeks at the time of writing this report.

A study by Gavin Hartford showed that mining companies had for some time been dismantling the hostel system. In its place, mineworkers received a living-out allowance of R1 800 a month. However, he commented, this had been an unmitigated disaster. "When the living-out allowance was instituted, no one asked where [the workers] will stay." Instead of finding better rental accommodation, many had contributed to burgeoning shantytowns around the mines. Some had incurred higher debt levels as they sought credit to fund new accommodation expenses. Others had established second families near the

32 *Financial Mail*, 13 September 1974.

33 *Business Day*, 2 October 2012.

34 *FinWeek*, 29 November 2012.

35 *Finweek*, 29 November 2012.

36 *Business Report*, 18 December 2012.

37 *Business Report*, 27 March 2013.

mines. Many of them faced a number of costs previously covered by employers. The living-out allowance did not cover the cost of living out, with the result that remittances to rural labour-sending areas might have been declining. Elize Strydom, head of labour relations at the Chamber of Mines, said, "none of us foresaw that people would be willing to go set up squatter camps next to the mines."

Others have confirmed the unforeseen problems that arose with the introduction of the living-out allowance. Mr Motlanthe said that the single-sex compounds on mines were not desirable, but they were better than the informal settlements in which the "sleep-out" allowance "perversely" encouraged them to live. President Jacob Zuma complained that the widespread practice of workers receiving a living-out allowance "undermined" the campaign for better living conditions.[38]

Yet, as Mr Ramaphosa recalled, the NUM, of which he had been general secretary, fought for a living-out allowance to minimise the negative aspects of the single-sex hostel system.[39] Shortly after the massacre of some of its employees at Marikana, Lonmin noted that until quite recently most of its 26 000 employees had been housed in compounds on the mine and provided with three meals a day. Now, after the NUM had strongly encouraged miners to move out of compounds with the housing allowance of R1 800 a month, the number of employees housed on the mines had dropped to 3 000.

Despite all these second thoughts, *City Press* reported that the living-out allowance was firmly entrenched and was now paid to 45% of workers on gold mines, and 60% of workers on platinum mines.[40]

One solution put forward for the mining industry is to adopt a four-month shift followed by a two-month break. This would have the advantage of allowing miners to stay at home and be with their families longer. Another advantage would be that neither foreigners nor South Africans from rural areas would necessarily be excluded, but it would mean the retention of the migratory labour system, albeit with a different architecture.

A second solution would be for the mining companies to accept the obligation of accommodating all of their employees on mine property, whether in hostels, flats, or family housing. Flats with one or two people each would be more costly than hostels, and family houses even more costly. An advantage of the system would be that miners would no longer live in shacks, but this would deprive them of the choice of making their own accommodation arrangements rather than living on mine property. As is clear from this report, many of them have in fact made that choice. A system which retains various types of accommodation on mine property has the advantage of allowing miners to make choices, including the choice of continued migrancy rather than permanent urbanisation.

Yet another solution is perhaps the obvious one. Simply pay workers and let them find their own accommodation, as many workers in other industries do. Many of them might indeed then opt for living in shack settlements, as do workers in many other industries. Though shacks are often stigmatised, the key to understanding them, as already noted, is that they are a form of affordable housing for poor people. The major objection to such shacks that was voiced in the wake of the Marikana is that they look terrible on television, and do damage to the reputations of mining companies. But as we've seen above, there are 2 700 shack settlements in the country, accommodating perhaps 700 000 households. The pace at which these can be replaced with formal housing depends on factors far beyond the control of the mining industry, such as the country's rate of economic growth, and the extent to which it can afford to increase expenditure on housing and related development amid all its other needs. South Africa already spends some 59% of its national consolidated budget on the social component, including housing, education, health, and welfare.

Visiting Marikana about a week after the massacre, Mr Zuma said that in terms of the mining charter, mining companies had to convert or upgrade hostels into family units, attain an occupancy rate of one

38 *Business Day*, 18 September 2012.

39 *Business Day*, 10 January 2013.

40 *City Press*, 17 November 2013.

person per room, and facilitate home ownership for mineworkers by 2014. He commended companies that were moving in this direction, but also claimed that one company had a hostel block accommodating 166 employees who had to share four lavatories and four showers between them. Mr Zuma also noted that mine owners were aware that sanctions for non-compliance with the charter included cancellation of their mining licences.[41]

According to Vusi Mabena, head of transformation at the Chamber of Mines, "From the days when you had 7 to 10 men to a single room, which is not long ago, you now have a one-person-to-a-room policy on most mines with just about every single mining house ready to meet the charter target to have single-sex dwellings eradicated by 2014. Even the likes of Gold Fields have family quarters that are available to the men when their wives and families come to visit for weekends or holiday periods. Despite the negative publicity Lonmin received, they had gone a long way in building family units and even family houses. Anglo has built hundreds of houses that would surpass the RDP structures [which are built by the Government] any day. Living conditions were appalling. That's not the case today. It's changing, and changing rapidly." Mr Mabena added that the 2014 target had been set by the Government, not by the mining industry, but that the industry was working towards it.

One example is provided by Impala Platinum, the world's second largest producer, which reported that it was working on the construction of a "Platinum Village" that would consist of 2 420 houses and cost R1 billion.[42]

Confirmation that the mining industry is indeed spending more on housing came recently from a major construction company, Group Five. Its chairman, Mike Upton, said, "we have been doing a lot of housing for the mining industry for many years, but the fact that our housing business has got a record order book and that much of that is in the mining sector, tells you something". The increase, he said, was related to the labour unrest in the mining industry and a recognition that it needed to do something better with regard to the social environment.[43]

It is obvious that there are no easy answers to the problem of migrancy. Permanent urbanisation as people quit the land and move to cities is a global historical phenomenon. But southern Africa is not the only region where people work in one place — even across the border — but retain a permanent home elsewhere. Complicating matters in this region is the fact that the life of some mines may be finite, acting as a disincentive to all concerned to establish permanent housing and other facilities off mine property. Even if part of the solution is to build more housing, the question of locality comes up. As Lonmin said, "it is easy for us to say let's build brick houses but where do we build them? Do we build them in Marikana and create a ghost town for the future? Do we build them in the Eastern Cape, where employees build their homes now? What about their secondary families at the mine?"[44]

Further complicating the search for solutions is that doing what seems to be the right thing can have perverse consequences, as we've seen with regard to the living-out allowance. Converting hostel rooms from units housing seven or eight workers to flats housing only one or two can also have perverse consequences. The Bench Marks Foundation, one of the main critics of the mining industry, complained that while Lonmin was fulfilling its obligations to convert all hostels to housing by 2014, the displaced workers were building shacks in Nkaneng and other informal settlements. The Foundation implied that the company's mining licence should be revoked.[45]

41 *The New Age*, 24 August 2012.

42 *City Press*, 16 December 2012.

43 *Business Report*, 18 February 2014.

44 *Business Day*, 14 February 2013.

45 *Business Report*, 16 October 2013.

Yet another complication is the breakdown of industrial relations on many mines. Rivalry between unions, and the alienation of some unions from their own membership, make negotiations over such things as housing or living-out allowances difficult.

External shock factors have in the past played a key role in bringing about changes in the migratory labour system on the mines, which, as pointed out above, relied heavily on foreign workers. The first of these factors was the rise in the price of gold in the early 1970s as the Americans abandoned convertibility. The dollar price thus went up from \$35 an ounce in 1970 to \$613 in 1980, and the rand price from R26 to R476.[46] This made it possible for the gold-mining companies to increase wages sufficiently to attract many more South Africans. The second factor was the death of 74 Malawian miners when the Chamber of Mines aircraft taking them home at the end of their contract crashed. This caused President Hastings Banda of Malawi to suspend recruiting for South African mines, leaving many of them seriously short of labour and reinforcing the trend towards making greater use of South Africans. Thirdly, the South African government was worried about possible communist influence among black miners recruited from Mozambique as that country acquired a communist government under Frelimo after the coup in Lisbon in 1974.[47]

The question which arises post-Marikana is whether this shock factor will cause further changes in the migratory labour and compound system.

Six principles should be paramount in deciding what best to do. Firstly, each mine is unique, so each one should be able to negotiate its own solution with its own employees, with or without the help of trade unions. Poorer mines, and all those with shorter expected lifespans, should be free to negotiate solutions different from those of rich mines and those with longer lifespans. Mining companies should also have choices with regard to the type of housing they build, and where it should be built. In line with this policy of flexibility, the Government should adopt an enabling rather than a dictatorial stance.

Secondly, miners should be able to make choices as to whether they wish to continue as migrants, whether living in hostels or flats on mine property, or in shacks nearby. They should also have the option of bringing their families with them. Again they should have the choice of accommodation on mine property or in shacks or formal houses nearby.

Thirdly, the interests of workers in neighbouring states must be taken into account. Given the major contribution their people have made to South Africa's mining industry over many decades, they should not be cut off from employment opportunities in this country.

Fourth, if mining companies are to be expected to provide family accommodation on mine property for a great many more families, they should be permitted to concentrate resources on this instead of being saddled with a whole range of other social economic demands that entail expenditure over and above the taxes and royalties they pay. Similarly, mining companies seeking to phase out hostel accommodation in favour of accommodation in flats on mine property should be able to devote resources to this. In this context it is worth repeating the remarks already quoted from Mr Motlanthe to the effect that no amount of employment equity plans and empowerment transactions had addressed the migratory labour problem. The implication from the retiring deputy president of the country is clear: affirmative action and black economic empowerment deals have been irrelevant to how mining companies' own workers are housed.

Fifth, the Government should ensure that it properly fulfils its role as government at local level, so that mining companies do not have to shoulder responsibilities that are properly those of government.

Sixth, the policy surrounding mining with regard to beneficiation, empowerment, the granting and re-

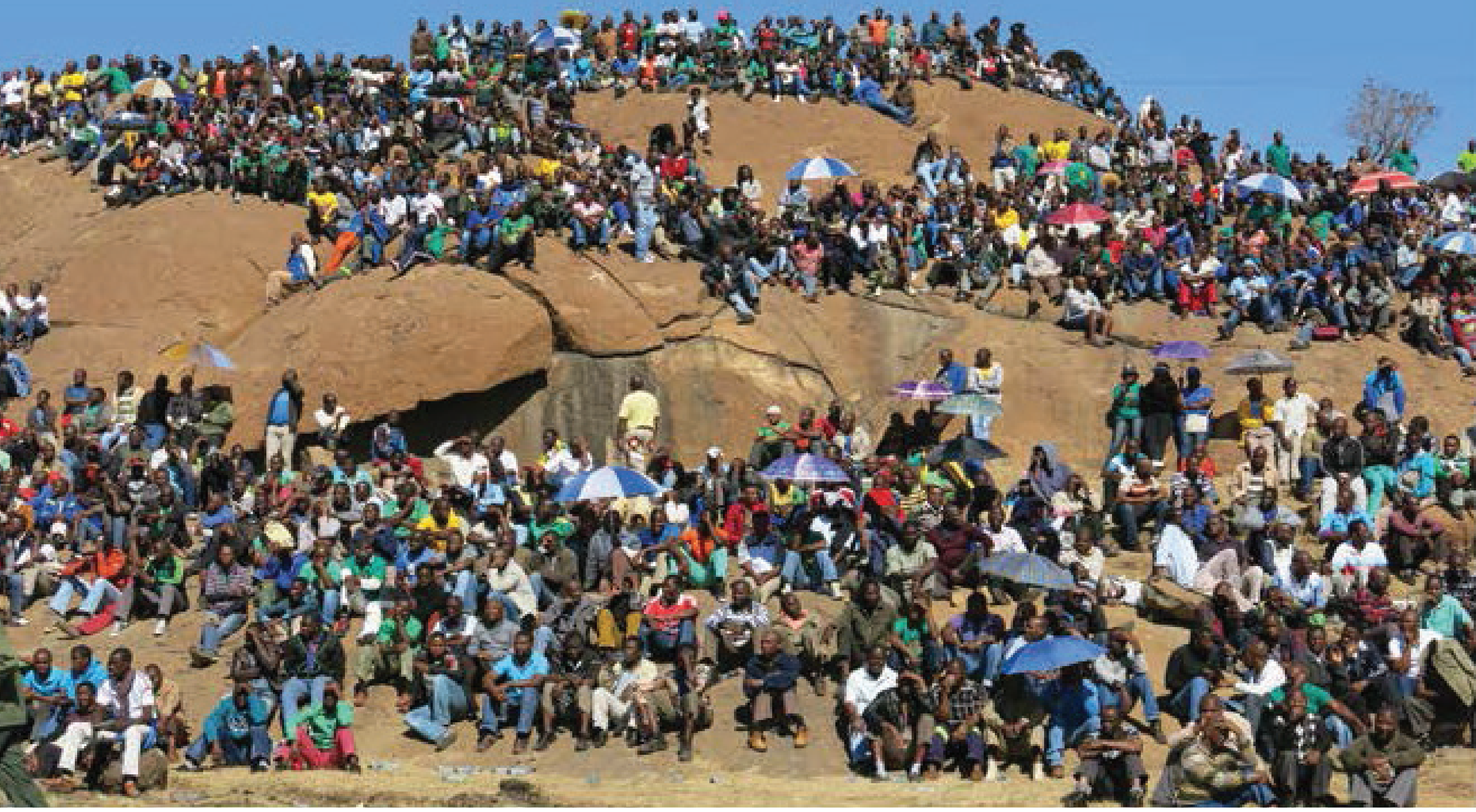
46 *2013 South Africa Survey*, South African Institute of Race Relations, Johannesburg, 2013, p169.

47 *Financial Mail*, 7 June, 13 September, 6 December 1974; 7 March 1975; 7 July 1978.

tention of licences, export permission and other key matters needs to be radically amended so as to encourage them to invest and expand, employ additional workers, contribute to growth, and help raise the living standards of their employees. Nor should policy overlook the fact that many of the shareholders in South Africa's mining companies are in fact workers in those and many other industries via their pension funds.

“There is a conscious underpayment of mineworkers in South Africa.”

– Civil society organisation



In December 2012 the Embassy of Sweden commissioned the South African Institute of Race Relations (IRR) to investigate the socio-economic circumstances of mineworkers in South Africa.

The context of this investigation was the horrific event of 16th August 2012 that had seen the South African police open fire on a group of protesting mineworkers at Lonmin’s Marikana mine in South Africa’s North West province.

After the gunfire died down, 34 mineworkers lay dead in an incident that recalled apartheid-era massacres – such as that in Sharpeville in 1960 and the shooting of schoolchildren in Soweto on 16th June 1976.

IRR
South African Institute of Race Relations
The power of ideas

EMBASSY OF SWEDEN