

## INDUSTRIAL RELATIONS

# Lessons from Strike

Drawn-out platinum strike result of mistrust between labour and mining companies

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Shortly after signing a three-year wage agreement with platinum majors Impala Platinum (Implats), Lonmin and Anglo American Platinum (Amplats) last week to end an unprecedented five-month strike, labour union the Association of Mineworkers and Construction Union (AMCU) president **Joseph Mathunjwa** said the resolution was the result of both parties "moving out of their comfort zone" and addressing the pervasiveness of mistrust between labour and business.

A jubilant Mathunjwa told a media briefing in Johannesburg hours after the inking of the deal that the prolonged strike had been "dragged out" by initial issues of mistrust between the union and the companies.

Overcoming this mistrust had been a key lesson for the companies and the union, he said.

"We've [reached a milestone] in terms of earning trust between us and we need to build on this. This requires each party to move out of its comfort zone," he said, adding that AMCU's gesture to this effect had been its willingness to move from its initially inflexible R12 500-a-month wage demand.

In turn, the companies had been willing to accede to certain of AMCU's additional demands and move closer to the union's "living wage" threshold.

Mathunjwa added that these talks had ushered in a paradoxical shift in the manner in which wages were negotiated in the labour market.

"When we first started the strike, people thought the wages seemed unaffordable, but people later understood our opposition to a slave wage. This is a dignified settlement and works towards our living wage level," he said, flanked by Economic Freedom Fighters member **Dali Mpofu** and AMCU shop stewards.

Workers returned to work on June 25, with the resumption of full operations at all affected platinum operations expected in the coming weeks.

According to the companies, the strike had cost employees some R10.6-billion in lost earnings, while the firms themselves had forfeited revenue of around R24-billion.

## Agreement Principles

The separate "marginally different" agreements reached with each of the companies were effective from July 1, 2013, for Implats and Amplats, and from October 1, 2013, for Lonmin, and would run until June 30, 2016.

According to the principles of the agreement,

employees whose basic wage was less than R12 500 a month would receive a wage increase of R1 000 a month for the first two years of the three-year deal.

At Lonmin, the same increase would apply in the third year, while, at Amplats and Implats, the third-year increase would be R950 a month.

Employees at Amplats and Implats currently earning R12 500 a month or more, or whose basic wage reached that amount during the course of the agreement, would receive an 8% increase for the first two years of the agreement and a 7.5% increase thereafter.

Lonmin would provide an 8% increase for the first year and 7.5% for the following two years.

Meanwhile, the living-out allowance would remain at its current level at Implats' operations, while, at Lonmin, it would increase by an unspecified amount in the first year and would remain the same for the following two years.

Amplats' living-out allowance would increase by 6% in the first year, and remain constant thereafter.

In addition, "fringe" benefits and allowances normally based on basic pay would generally, during the course of these agreements, increase by amounts linked to the inflation rate.

"All employees would, within one week of their return to work, receive the back-pay due to them from their 2013 increase date until January 22, 2014, the day prior to the start of the strike," said the firms.

Mathunjwa added that this back-pay would include the so-called R3 000 'return-to-work bonus' recently referenced in media reports.

He further confirmed that, within the three-year wage period, the union would not be able to embark on a strike on issues relating to principles agreed upon within the deal.

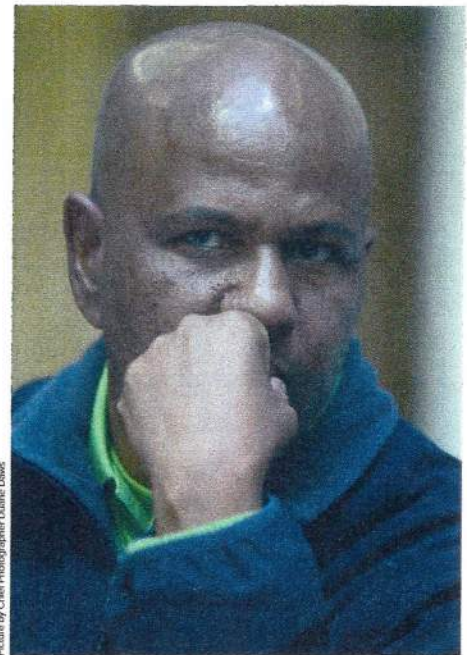
"But we can strike on issues not contained within this agreement," he said.

## Time to Rebuild

Elaborating on the road ahead, a subdued Amplats CEO **Chris Griffith**, Implats CEO **Terence Goodlace** and Lonmin CEO **Ben Magara** said in joint statement last week that it would take "some time" for their operations to resume full production, with the safety and wellness of employees being paramount.

"This is [also] at a time when the platinum market [is underperforming], and operational profitability remains constrained," they noted.

Over the short- to medium-term, the companies' focus would be on assessing and



JOSEPH MATHUNJWA

The inking of the deal has set a precedent in South African labour negotiations

improving the health and wellness of employees, undertaking the necessary operational and safety training and restoring the physical environment in the affected mining areas and their processing plants.

The miners said they would also work to rebuild relationships and trust between employees and management, which had been damaged by the events of the last five months, and would focus on restocking the metals pipelines, which could take up to eight weeks.

"We acknowledge the work that needs to be done to improve the lives of our employees and members of our communities. We will work towards these goals in committed partnership with their representatives and the South African government at all levels. It cannot happen overnight.

"It is our sincere hope that our companies, our industry, our employees and all other stakeholders will never again have to endure the pain and suffering of this unprecedented strike period. None of us, nor the country as a whole, can afford a repetition," said the platinum trio.

The signing of the wage deal was welcomed by government, with President **Jacob Zuma** saying a long, protracted strike was no longer in the interest of the parties involved or the country at large.

Finance Minister **Nhlanhla Nene** added that the end of the strike should have a positive impact on sentiment and, ultimately, economic growth.

"Of the total mining sector contraction of around 25% in the first quarter, the drop in platinum production, as a result of the strike, accounted for about 19 percentage points. To this end, the news of a settlement is most welcome," he said. ■