

THE REPLACEMENT OF EMPLOYEES WITH CONTRACTOR LABOUR IN THE SOUTH AFRICAN GOLD MINES

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CHAPTER ONE

NATURE AND SCOPE OF STUDY

1.1 INTRODUCTION

The Gold Mines in South Africa have employed migrant labour as a permanent labour force since the late 1800's. The labourers originate from Lesotho, Botswana, Malawi, Swaziland, Mozambique, Transkei, Ciskei and some from the Republic.

Traditionally, the mines were, and still are, solely responsible for the training, feeding, housing and medical care of these workers. Recruiting takes place with the assistance of TEBA (The Employment Bureau of Africa).

The development and subsequent rise to power of labour and trade unions together with their increased demands for higher wages, have caused the majority of mining houses to reconsider their labour position with regards to overall labour costs.

The results were, and still are, a continued process of labour reduction or retrenchment. The mines can obviously not afford the now very expensive labour any more.

Labour hire companies or outside mining contractors can possibly supply the same skilled work force at lower cost mainly because their overhead costs are considerably lower than those in a Gold Mining Company.

The companies will be responsible for the recruitment, training, feeding, housing and medical care of the labour force.

The main concern regarding the above concept would be whether it would be practically possible to implement such a system or arrangement and whether the current contractor companies available in the market would find the concept an economically viable proposition.

With regard to the mining companies, their main concern would be whether the labour hire system will indeed reduce their labour costs; without sacrificing quality of work or safety standards.

1.2 PROBLEM STATEMENT

The current cost structure of labour on the South African gold mines, together with the associated mine overheads, are forcing the mines to reconsider their positions in terms of:

- Retrenching large numbers of employees.
- Mining the richest areas - shortening of life.
- Curbing operational costs to well below the inflation rate, the result being less money available for mining operations per annum.
- Not embarking on capital expansion programmes due to the risk that the company cannot cover the capital plus interest.

The above should be viewed against the background that the average gold mine's labour cost amounts to 60% of its working cost (KRIEK, 1982:52).

1.3 OBJECTIVES OF THE STUDY

1.3.1 Primary objectives

The primary objective would be to determine the point of view of the gold mines, the contractor companies and the unions towards the replacement of certain mine labour with a contractor labour system.

The said replacement system have to be investigated against the background of the current practice on gold mines in which limited use is made of contractor personnel.

1.3.2 Secondary objectives

These would be to investigate and comment on:

- (a) The causative aspects of this study within the micro and macro economic environment of the South African gold mines.
- (b) The current labour position on the gold mines with reference to management, middle management and the union members.
- (c) Current aspects of labour contracting in South Africa and an overview of certain labour costing techniques.
- (d) The influence of a contractor labour system on the service departments on the mines, such as the hostel, clinic, pay offices, training centres, survey departments and ventilation departments.
- (e) The economic viability of a contractor labour system with reference to pay comparison between mine pay rates and contractor pay rates.
- (f) The advantages and disadvantages of a contractor labour system to the mining and contracting companies.
- (g) Possible improvements to the current labour system on the gold mines.
- (h) The reaction from the unions to the concept of a contract labour system.
- (i) The formulation of an implementation plan which describes how such a contractor labour system can be implemented on an operational gold mine.

1.4 FRAME OF REFERENCE

1.4.1 Companies involved in the study

The companies which were approached in the study are fourteen of the larger Gold Mines in South Africa, being:

Kloof Gold Mining Co Ltd	}	- Gold Fields of S.A
Driefontein Ltd		
Randfontein Estates Gold Mining Company	}	- Johannesburg Consoli- dated Investments (JCI)
Witwatersrand Limited		
Western Deep Levels Gold Mining Company	}	- Anglo American Corporation
Vaal Reefs Ltd		
Free State Geduld Mine		
President Steyn Mine		
Winkelhaak Mines Ltd	}	- GENCOR
Kinross Mines Ltd		
Buffelsfontein Gold Mining Co Ltd		
Beatrix Mine Ltd		
Oryx Gold Mine		
Harmony Gold Mining Company Limited - South	}	- Rand Mines
Harmony Gold Mining Company Limited - North		

These are the larger mines currently in production. The results obtained from this study will determine whether the alternative labour structure (Paragraph 1.3) would be applicable to the marginal mines in the industry.

The Contractor Companies to be approached in the study are:

(a) RUC Mining Co Ltd

RUC is a company that specializes in shaft-sinking, tunnel-boring, raise-boring, tunnel support and diamond-drilling. The company has extensive tunnel development capabilities and would therefore be a target company in a study of this nature.

(b) Basil Read Mining

This company is involved in diversified activities in the mining industry such as stoping, development, raise-boring and shaft sinking. Basil Read, in addition, has already extended the field of labour hire for whatever mining purposes are needed.

(c) Gold Fields Cementation Ltd

This company specialized in shaft sinking, tunnel support work, high speed development and raise-boring. The company is also very suitable for a study of this nature.

(d) Shaft Sinkers

Shaft sinkers have been involved in shaft-sinking for many years. The company has the infrastructure to be involved into research of this kind.

(e) J.I.C Mining and Construction (Pty) Ltd

This is a company that specialized in what the proposed labour structure suggests, but only on a smaller scale.

1.4.2 Field of research

The target populace are the larger gold mining companies affiliated to the five main mining houses in South Africa and some of the more reputable mining contractors.

These are fourteen mines belonging to the Anglo American, Goldfields, JCI, Gencor and Rand Mines groups respectively, and approximately five of the larger active mining contractors.

The people approached in these companies are mainly the General and Mine Managers, and the purpose was to test the climate in their companies regarding the concept of replacement of mine labour with contractors.

In order to gain unbiased information, the following aspects were investigated:

- (a) Cost per production unit, centares (ca) or metres developed by mine and contractors.
- (b) What service departments in the mines will become obsolete, etc.
- (c) What additional services the contractors will have to institute.
- (d) The ability of management to control production in accordance with their requirements in the proposed dispensation.
- (e) The effect on stores content.
- (f) The effect on the ability of service departments to function within a changed environment such as the Survey, Geology, Assay, Rock mechanic, Engineering and Technical Service departments.

The National Union of Mineworkers (NUM) and Mine Workers Union (MWU) were, in addition, approached so as to assess their views on a proposal that will greatly influence their membership. These two unions are the main representative bodies of the workers that can be influenced by the proposed labour structure.

1.5 RESEARCH METHODOLOGY

Economic focus was put on labour as an input to production. This was done by means of a literature study.

The relevant information with which the comparisons were drawn regarding the present labour situation versus the proposed concept was gathered by means of questionnaires (Paragraph 5.1).

These questionnaires were presented to the General Managers of the target gold mines as well as the Managing Directors of the target contractor companies. The questions put to the mines were different from those presented to the contractors in order to gain the views and perspectives of both sides regarding the proposed concept (Paragraph 5.1.2).

A different questionnaire was presented to the National Union of Mineworkers (Paragraph 6.3.1) mainly to assess their opinions about a labour dispensation that might greatly influence their power base as a labour and political movement. The same applies to the Mine Workers Union (Paragraph 6.3.2).

The results obtained from the questionnaires formed the basis for the conclusions and recommendations that were formulated at the end of this study.

1.6 LIMITATIONS OF THE DISSERTATION

As this is a limited economic feasibility study, it is inevitable that certain limitations will prevail, such as:

- 1.6.1 Replacement of miner and/or artisan level and down with contractor labour is investigated. Any such proposals pertaining to higher levels of the hierarchy structure would require an in-depth study of the culture of the mining company, as well as the impact on the management structure of the industry as a whole, the reason being that the current management structure has been in place for more than a hundred years and is part and parcel of the mining industry in South Africa.
- 1.6.2 A limited number of gold mines are involved in this study, and these are the more prosperous mines in terms of grade, ore reserves and financial

resources. To extend this study to the marginal mines would require a completely different cost approach to the labour cost problem.

- 1.6.3 The study is restricted to the gold-mining industry as an expansion to other types of mines would invoke a legion of additional parameters such as markets, ethnic preferences of self-governing states, international opinions, availability of labour and specialized skills. ?
- 1.6.4 A limited number of contractor companies have been involved due to their being well-known in the industry and being more highly reputed. The investigation of other possible labour hire resources to the gold mining industry might prove to be a master's dissertation in its own right.
- 1.6.5 The study only involves the management of the companies and an opinion survey from the Unions (these being the NUM and MWU). It is pointless, at this stage, to introduce questionnaires to individual employees that could be affected, should the persons in control of the companies not regard the concept as viable. This is perhaps a field open to further research. ?
- 1.6.6 The study has not involved any Government labour department. The results obtained from the study can be regarded as valid for approximately 5 years as the labour situation as well as management philosophy does not change rapidly on the South African Gold Mines. ?
- 1.6.7 Approximately half of the references used to structure the theoretical chapters of this dissertation are journal articles and papers delivered relevant to the field of research, the reason being that not many textbooks have been written on mining contractor usage. The added advantage is the recency of sources which are more relevant in the changing South African labour environment. Very few if any of those, deemed to be authoritative in the field, have written any books. Their views are largely presented in articles or papers.

1.6.8 The more affluent mines in the gold-mining industry were approached to obtain research information. The initial reason was that these would be the concerns that can afford to contract large sections of their production out due to their vast ore reserves and large labour force. These would be the mines that could benefit most from more effective labour. The results from the research have proved quite the opposite. Large and rich mines seem to be able to better afford unproductive labour. The marginal mines in the industry, which are struggling to survive, are more positively inclined to use mining contractors, because of their increased productivity.

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1.6.9 No proper response in terms of the questionnaire could be secured from the Mine Workers' Union (MWU) even though several attempts were made in this regard.

?

1.7 GLOSSARY OF TERMS

1.7.1 Shaft-sinking

This is a term used for the activities involved in digging a shaft, being vertical or inclined, and installing the necessary equipment such as guide rails and conveyances.

1.7.2 Tunnel support

This process involves the installation of rock anchors and restraining cables on the sides of a underground tunnel and is applicable in areas situated in an unstable strata environment.

1.7.3 Raise-boring

This is a process by which a vertical or inclined large diameter round hole is drilled with a large-sized machine. These holes are used for rockpasses, ventilation or another means of access to an area.

1.7.4 Shaft-boring

This is a similar process as raise-boring except that it is primarily done in a vertical direction and yields a very large diameter hole. It is a basic alternative to shaft-sinking.

1.7.5 Diamond-drilling

The process of diamond-drilling is a drilling method to extract a core from the drill hole so as to determine the geology and intrinsic value, if any, of the solid rockmass. It is deployed on surface or underground.

1.7.6 Development

The term is used for the activity that creates tunnels in the underground workings of a mine. The term originates from the concept that the development of an orebody or a block of ground yields access to such an orebody or block. The given access makes it possible for the ore to be mined, using whatever method possible.

1.7.7 Stoping

It is the term used to describe the activity that actually extracts the ore from the orebody. Various methods of stoping are employed, which largely depends on the size, dip, depth and extent of the orebody.

1.7.8 Centare

The term is used to describe a square metre, but only in two dimensions. It is used to measure the area that a miner has mined out in a time period, usually a month. The miner earns a bonus according to the number of centares mined.

1.7.9 Metres developed

This is the term used to measure the linear distance that a miner has advanced the tunnel, usually measured per month.

1.7.10 Shift boss

A shift boss is the designation title given to a junior supervisor. The person is in charge of one or more miners. A shift boss is appointed by law and his duties range from safety assurance to production output. The shift boss is, in addition, the person who provides the miner with the necessary equipment and materials that the miner needs to produce with.

1.7.11 Hostel

This is the name given to the residence of single male workers, commonly known as migrant workers recruited from the homelands and Southern African countries.

1.7.12 Sweeps

The area that has been mined out needs to be cleaned properly so as to ensure that all of the gold-bearing rock has been removed, even the fines in the cracks of the workplace floor. This activity is called sweepings or sweeps and originates from the actions needed to clear all ore from an uneven floor, these being brushing or sweeping the fines, with hand-held brushes, out from the cracks and holes.

1.7.13 The Survey Department

The Survey Department is the department that controls and executes the actual measurement of the metres developed and centares mined and swept. This department also provides direction-lines and grades to ensure that the development reaches the pre-planned destinations in the orebody.

Historically the Unions have been bitter opponents of the mines allowing any contractors on their premises. The reason for this opposition has been the fact that they require the companies to employ more workers rather than hire contract labour. The companies are constantly in a position that they cannot hire more permanent staff due to the high cost of labour. Should any of the mines wish to retrench people, the Unions require that they get rid of the contractors first. The problem is that the contractors mostly possess skills that are not readily available on the mine (Winkelhaak Mines Ltd retrenchment exercise - May 1990).

The costs associated with retrenchments are enormous. The usual agreements reached with Unions are that the workers will be given a month's pay, or part thereof, for each year of service. To retrench a hundred or more workers usually costs the same as it would cost to keep the same hundred workers in their jobs for three months.

A large number of the workers find other work in less than three months which leads to double remuneration that could have been used to employ another unemployed for at least two months.

Should the increase and decrease of workers at a particular mine be administered in such a manner that most of the workers can be relocated at another venue of employ, the cost to the company would be much less. The contractor then becomes a labour-agent, similar to an estate agent, who is the mediator between buyers and sellers.

" mobility "

Although a worker might change his place of employ, he is not necessarily made redundant. He will then be able to build up a long work record with a particular contractor which will be beneficial to both parties.

Necessary work at gold mining companies is put off due to a shortage of labour for that specific task. Should the company be able to hire labour temporarily, a large number of these tasks can be completed. In the case of the older mines, this usually involves the opening up of pay pillars that can increase the mine's life and ore reserves.

1.9 CHAPTER OUTLINE

The remaining chapters of this dissertation have the following content:

1.9.1 Chapter Two

This chapter investigates the causative aspects and factors that determined the need for a study of this nature, within the micro- and macro- environment of the gold-mining industry in South Africa.

1.9.2 Chapter Three

Chapter three takes a view of the labour situation on the gold mines. This includes historical and current positions of management and middle management, the union and their perceptions of one another.

1.9.3 Chapter Four

This chapter comprises of a literature study of labour as an input to production and represents work done in published research.

1.9.4 Chapter Five

This chapter contains the findings from research regarding the attitudes of the management of gold mines, contractor companies and the unions towards the replacement of certain mine labour with contractor labour.

1.9.5 Chapter Six

This chapter gives an indication as to whether

- The original labour proposal (Paragraph 1.3) is accepted or rejected.
- The current labour situation should be changed or maintained.

- Suggestions that may improve the current labour situation on the gold mines.
- Advantages and disadvantages of the proposed labour system.

1.9.6 Chapter Seven

This chapter consists of an overall view of how the new structure could be implemented.

The consequences of such a labour dispensation are elaborated upon in an environment that contains all the parties concerned, being:

- Management;
- Unions;
- Contractors; and
- A black majority rule attitude towards the proposed dispensation.

CHAPTER TWO

CAUSATIVE ASPECTS OF THIS STUDY

The following are to be discussed in this chapter:

- 2.1 Causative aspects of this study
- 2.2 Macro- and micro-economic environment
- 2.3 Conclusion

2.1 CAUSATIVE ASPECTS OF THIS STUDY

The South African gold-mining industry entered a difficult downturn phase during 1988 (Kilalea, 1990:53). The various gold mining companies attempted to stem the downturn by reducing costs, the main component of cost being labour.

It was inevitable, during the early years of difficult times, that labour complements on the mines would be reduced.

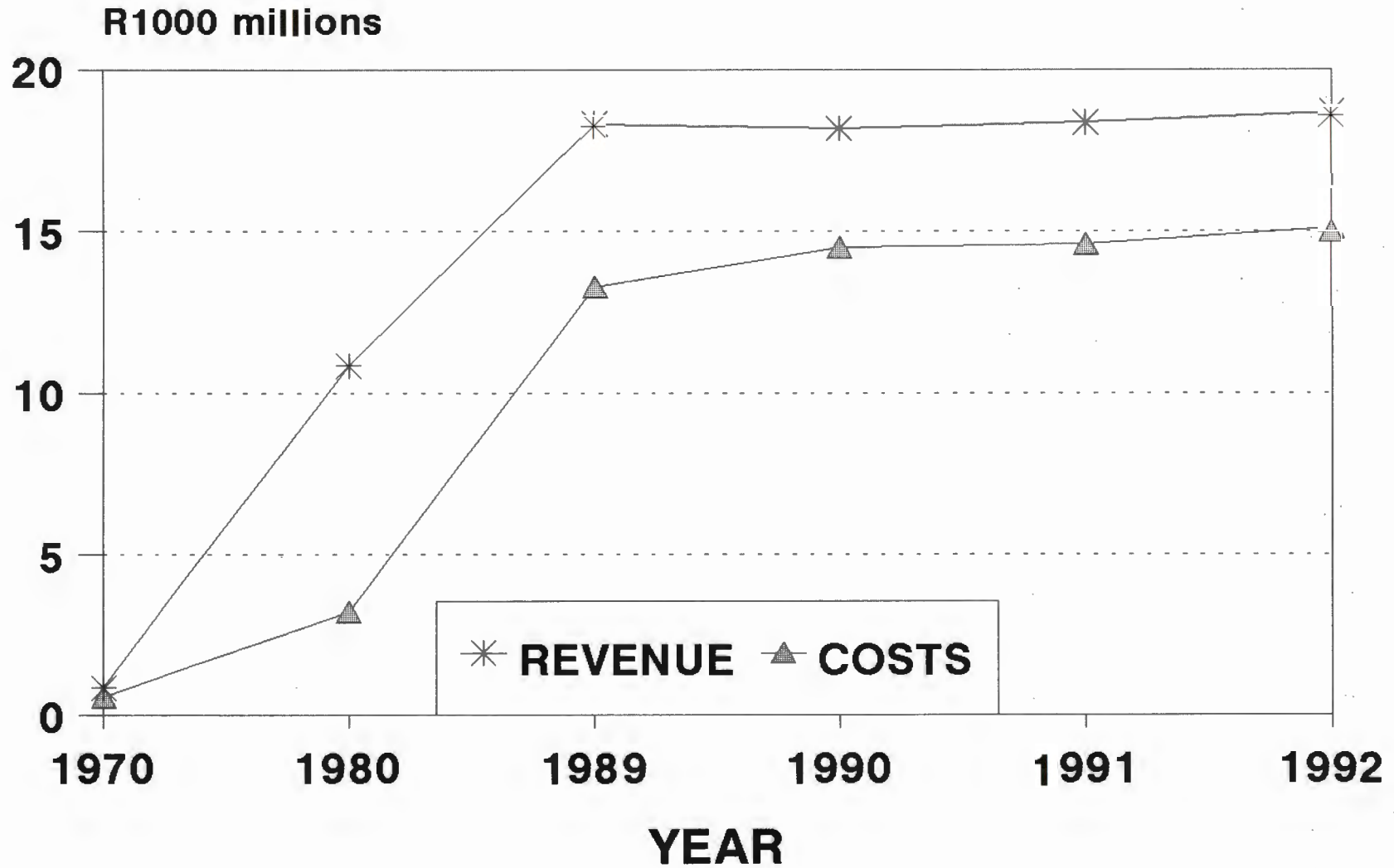
By the end of June 1990, the total employment in Chamber of Mines associated mines had been reduced to 424 636 (Kilalea, 1990:54) from a high of 481 470 in 1987. This figure comprised mostly unskilled and semi-skilled blacks.

As labour represents 45 - 60% of working costs on most gold mines, the main casualties in the battle to curb costs have been, and still are, people's jobs. Most unfortunate is the fact that people laid off on the gold mines find it very difficult to secure positions elsewhere, the reason being that mining is the only formal skill many of them have been taught.

The main reasons for all this hardship are the unrealistic low gold price, in South African terms, and the escalating cost spiral in which the mines are caught (Kilalea, 1990:47) (see Graph 2.1).

GRAPH 2.1

REVENUE VS. COSTS



When the black labour movements demanded recognition as unions during the early 1970's, mining companies accepted the Department of Labour's disapproval and condoned police action to suppress unionism (a:Dowes Dekker, 1981:2). Any attempts by the union representatives to gain recognition were refused. This intolerable attitude of mining companies cultivated a culture of labour that would counter management at all cost and be unco-operative in attempts to streamline the business.

Black unions had to fight for recognition and achieved change through work stoppages and other related action. By 1986 the boards of most conglomerates accepted black unionism (a:Dowes Dekker, 1988:16). During the same year it was estimated that 19,4% of 1 900 000 workers of the economically active population were unionized. Of the quoted figures, 1,5 million were African or black workers compared to 20 000 black union members in 1972 (b:Dowes Dekker, 1988:16). As approximately 30% of these workers were mine workers, it became apparent that massed unionized workers on mines had become a power which would certainly dictate to management how the business should be run.

Due to the nature of the gold-mining industry, the number of people working underground is essentially larger than those working on surface. The underground contingent is therefore responsible for whatever tonnage is produced. These persons represent the heartbeat of gold-mine production and are therefore directly linked to the loss\profit situation of the mining company. Numerous studies had shown that the rise in remuneration of union members since 1985 has by no means caused a similar rise in productivity. The opposite is regarded as being the case. Workers have thus been receiving higher wages with no increase in output (Macnab, 1987:112). This vicious circle can only lead to difficulties for gold mines in an environment in which income in real terms remains constant or decreases.

The NUM has clearly indicated that they have, in strike action, a power-base which they will use to obtain the living wage they seek for their members (Ebersöhn, 1987:1). The Chamber of Mines, who negotiates with the NUM on behalf of the member mines, is very aware of the fact that most of the gold mines, especially the marginal mines, can ill afford a work stoppage of any kind.

to social responsibilities, which has had a dramatic effect on working cost (James, 1992:13). The mining houses have therefore turned their attention to the all-inclusive wage which means that the workers will have to seek their own accommodation and organize their own community development and social programmes.

The extended recession in the mining industry, along with the prolonged period of depressed product prices, has had the effect of reducing investment in new and replacement production capacity. The situation has caused the cancellation of large capital projects and the mothballing of those already in progress. This has in turn led to the evaporation of the traditional markets in which the mining contractors operated. The result was, and still is, a highly skilled part of the mining industry with no work. Alternate sources of work and revenue have to be found for many existing skills and personnel. It is therefore inevitable that a fraternity, known for their productivity and effectiveness, would seek to venture into the traditional work environment of the gold mining companies (Douglas, 1993:3).

The net effect of unions on wages is to reduce wage inequality among the workers. The result is that unionization has a larger wage effect on less concentrated industries; less concentrated meaning less specialised (c:Dowes Dekker, 1988:17). The gold mines can be regarded as a less specialized industry. The unions have, thus, had a marked effect on the total wage bills.

2.2 THE MACRO- AND MICRO-ECONOMIC ENVIRONMENT OF THE SOUTH AFRICAN GOLD- MINING INDUSTRY

The economic environment of the gold mining industry is very much intertwined with some of the causative aspects discussed in 2.1. This section will therefore concentrate on the economic aspects that influence the gold-mining situation.

2.2.1 Macro-factors

The low profit margin situation in the gold mining industry was initiated 12 years before the actual squeeze commenced. The current crisis became

manifested when African workers started to use industrial action from 1973 onward, which was intensified in 1976 when African pupils revolted against the forced learning of Afrikaans and the imposed system of Bantu Education (Dowes Dekker, 1988:13.c). The unrest in the townships spilled over to the mines and other industries when labour unrest erupted in support of the pupils.

This environment of discontent oiled the wheels of black labour mobilization which finally led to worker unionisation and the subsequent demand for higher wages.

The shortage of capital has led to a cash-starved industry. The development of new ultra-deep mines had become extremely costly. The political developments of the mid-1980's plus the debt standstill declared by South Africa in 1985 have cut the country off from outside capital resources (Kilalea, 1990:57). London reports had suggested that more than 3 billion American dollars were raised on the London Stock Market during 1987 to finance gold-mining ventures worldwide. Very little of this money was channelled to South African mines.

This single fact proves that South Africa has an open economy and cannot survive economically in isolation as some rightwing groups wish to believe.

The low gold price experienced up to the marginal recovery during June 1993, put a part of South African gold mines wholly in the red, even before capex and labour increases are taken into account. The price toppled to \$357 U.S. during 1990 (Kilalea, 1990:57). At these low prices it was not the reserves taking the most strain, but employment levels in the gold mining industry and, what is often overlooked, the peripheral sectors.

In 1991, *Finance Week* (August 1 - 7) reported the financial director of Haggie Rand, the sole supplier of steelwire ropes to the mining industry, Bill Harrison as saying: "In our steel based business volumes are down about 15% year on year, and business is still worsening." This company is only one of many, of which it's business is largely dependent on the gold-mining industry. They, and many others, have tried to augment business by exporting, but not at the same

value as the domestic market. Their order lists have shortened, indicative of the de-stocking on the mines. Although most gold mines manage to stay open despite the hostile economic environment they face, the result of hardship in the downstream business is that these supply companies have to increase their prices due to a volume reduction. This phenomenon adds to the cost spiral in which mining companies find themselves. Because the mines order less equipment from suppliers, they have to pay more for the items which are needed for production.

Projections show that the South African Labour corps will increase from an estimated 10 514 000 people in 1980 to 17 600 000 by the year 2000 (Schutte, 1987:372). The labour composition is likely to change to 10 percent whites and 80 percent blacks during the same period. The only plausible way in which all these people are to be employed is to create more and different companies which in turn can create jobs. Some big conglomerates have already taken a step in this direction by what is called unbundling (Gencor - June 1993 and Barlow Rand - August 1993). This unbundling concept should possibly be expanded to companies with very large labour contingents so that the mining companies can concentrate their efforts on productive mining rather than keeping up a big social responsibility.

The current unrest situation in South Africa has not had a very positive influence on foreign investment, not even in gold mining. Foreign investors are understandably hesitant to bring their monies to this country for fear of financial loss should civil war bring the economy to a total collapse. The restructuring of industry, especially the mines, has become a slogan of movement like COSATU (Olifant, 1993:2), the ANC and other liberation movements. The ANC has given public assurances that nationalization of industries is not their prime objective with the envisaged restructuring (Niehaus, 1993:3). The essence of said restructuring, pertaining to the gold mines, has not yet been fully explained by these parties and is inhibiting foreign investment.

The calls for redistribution of wealth or "Social Economic reconstruction which aims to attack poverty and deprivation" (Naidoo, 1993:5) prioritises the

following areas: Housing for all, transport for all, the creation of industries, the erection of schools, crèches, community halls, playgrounds, etc. It is obvious that, in the light of reluctant foreign investment, existing companies, including gold mines, will have to foot the bill for this social system approach in the form of taxation, if not as a direct required contribution from company profits (Menell, 1993:17).

Affirmative action will necessitate the creation of additional training positions in all sectors of industry with the associated additional cost involved in spite of the cost of existing training programmes.

2.2.2 Micro factors

According to Dowes Dekker (d:1988:20) workers have only the unions to define their interests, while the representatives of capital have:

- 1) The firm;
- 2) the informal corporation co-operation; and
- 3) the employer's associations

to defend their interests. It is therefore inevitable that workers will give unions their unconditional support should there be a remote chance to improve their working conditions. The mining companies have been neglecting the personal interests of their worker-level employees for many years, hence the mobilisation of workers, both black and white, into unions. Should the mines have given proper attention to the "soft" issues such as proper hostel conditions, food, unfair dismissals, unfair or harsh disciplinary actions, assaults, safety and other unfair labour practices which took place before the early 1980's, the rush to join the unions would not have been so severe. Should all the above be taken into consideration, the rapidity of the union growth should not have come as a surprise to the management of mining companies (Lever & James, 1987:45).

The cost of labour on an average size gold mine can come to as much as 65% of working costs (Kriek, 1982:51). When the low gold price and high working

costs threatened to close down shafts, the gold-mining industry fell into the most devastating cost reduction campaign this country had experienced since the 1933 depression. Mines reduced costs by:

- Expansion project stoppage.
- Severe retrenchments.
- Mining only certain areas.
- Cessation of very important ore reserve development.
- Handing entire shafts over to contractors at low-grade mines.
- Returning to old mined areas to sweep and to take out pillars which involves high risk to men and equipment.
- Reduction of stores content.
- Implementation of alternative cost structures to expose hidden costs.
- Implementation of the area costing concept.

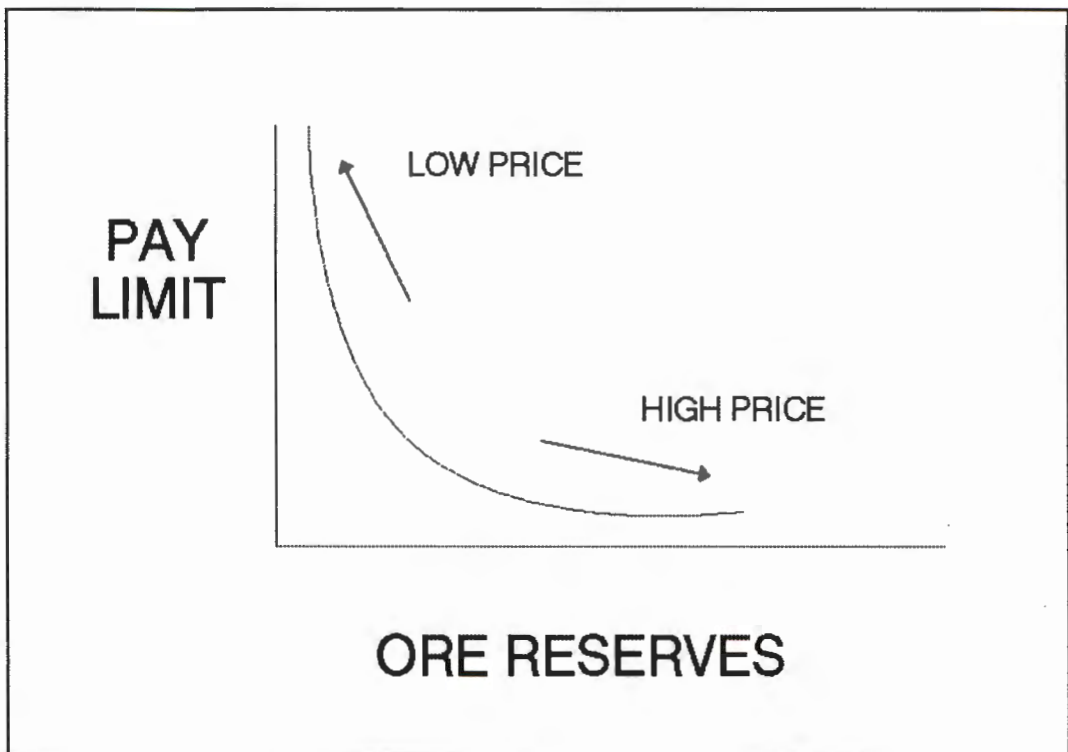
The essence of the matter is that gold mine managements were shown that they have been operating extremely ineffectively in the past and that a lot of money has been wasted on "nice to have's" and inanities.

Each gold-mining job creates 1,2 to 1,5 jobs in downstream industries, such as rope-makers, car-makers, pump-makers, forestry, winch manufacturers, steel merchants, food distributors, electric equipment manufacturers and a host of others (Kilalea, 1990:54). The labour force reduction on mines thus influenced a large portion of the total industrialized sector in this country.

The depressed gold price caused well below inflation wage increases during the period 1986 to present (Kilalea, 1990:56). The Chamber of Mines noted that profitability of the industry had deteriorated to the lowest levels since 1960. In 1990, nine mines employing 78 000 people, were mining at a loss (James, 1992:12). The analysts' projections that the Gulf War would revive world interest in gold did not materialize. The above situation describes an industry on the brink of survival. Definite changes will have to take place regarding the largest component of gold mine working cost.

The gold-mining companies have through the years adopted a very conservative attitude towards pay limits and ore reserve assessment. The pay limits were adjusted in such a manner as to ensure the maximum ore reserve. This simply means that the pay limit is adjusted so that the optimum low grade areas are mined along with some high grade areas so that the product-mix would yield a gold content so as to ensure the covering of working costs, other capital commitments and still show an acceptable profit to the shareholders. When the pay limit is moved up, the ore reserve is reduced which in turn reduces the life expectancy of the mine. Low prices force the mines to lift pay limits so that more gold is produced with the same effort and cost. (see Fig 2.2). The gold mining industry's pay limit had risen steadily since 1986 and stood on average on 4.9 g/t in 1992 (Menell, 1993:17).

FIGURE 2.2
RELATIONSHIP BETWEEN PAY LIMIT AND ORE RESERVES



The companies will have to adopt a more realistic attitude towards pay limit and ore reserves (Kilalea, 1990:48) and reassess the life expectancies of their

operations. Should higher profit margins be generated, more capital can be invested in expansion or new projects which in turn will create jobs.

Regarding the long-term future of gold mining, very few mines have secure mine lives beyond the year 2010 (Menell, 1993:17). Therefore, new projects will have to commence by the year 2000 to sustain prolonged production in this country. High capital and long lead times, normally associated with projects of this nature, along with risks stemming from geological and technical factors, do not make new gold projects a very attractive investment area, except for those companies already involved in gold. This fact is one of the main reasons why mining companies develop expansion under the tax shield of an existing company. The policy described does have its limitations, especially in remote areas, where an existing company lease area is not adjacent to the area with potential.

Local gold mines currently carry the highest working cost in the world, having been the lowest cost producers in 1985 (Menell, 1993:17). This fact places local gold mines in the worst position in comparison with other bullion producers.

During 1991 and 1992, profit-sharing was introduced to about 330 000 workers on the gold mines. Some schemes are working well (Fleetwood, 1993:1). The NUM's perspective is that gold-mining companies are keen to share profits when the profits are low. The NUM, along with the ANC and COSATU, plans to secure a coherent and pro-worker mining policy for the new South Africa (Nicol, 1993:3). These policies of organisations that are to play a large role in future legislation, can burden the already struggling gold-mining industry with additional financial responsibilities which would narrow profit margins. Profit sharing schemes are a commendable method to reassure worker commitment, provided the scheme does not pilfer profits to such an extent that investors regard the company as a dead investment.

2.3 CONCLUSION

The gold mining industry in South Africa has a historical legacy that promotes worker suspicion towards any attempts by management to implement change for the better. The resultant increased cost plus the social responsibilities of mines places a large financial burden on the gold mining companies. Trade unions will have to adopt a more restrained position in terms of demands, and assist management to promote the expansion of shareholding by establishing a stable workforce.

CHAPTER THREE

THE CURRENT LABOUR POSITIONS ON GOLD MINES

3.1 HISTORICAL OVERVIEW REGARDING MANAGEMENT

During the early stages of the gold mining industry in South Africa, the most important concerns of the management fraternity were to effect the maximum production of gold-bearing ore from the mines. There was little or no time available for managers and middle management to concern themselves with personnel problems and needs. The main concern regarding labour was to have enough people to do the work at hand.

The management style was very autocratic and the labour disputes associated with the 1913, 1914 and 1922 strikes (Macnab, 1987:113) were to a large extent caused by management's hardline attitude towards unions. Management had blacks perform work formally reserved for whites, and paid them coal-miners' wages. Although this unrest was repressed with force, the stage was set for management-union conflict for many years to follow in the South African gold-mining industry.

Throughout the nineteen-thirties to the sixties, management and middle management pursued their "hire and fire" management styles (a:Dowes Dekker, 1988:2).

The sixties and the seventies were marked by several strikes staged by the Mine Workers' Union (MWU) and the last major strike by the MWU took place in 1979.

Legislative change in 1981 permitted the unionization of black workers in South Africa (Lever & James, 1987:2) and this process placed black workers on the same footing enjoyed by other workers since 1924.

3.2 MANAGEMENT AND MIDDLE MANAGEMENT

Management's initial reaction to the formal unionization of black workers was one of retaliation with force and dismissals. Several strikes in the mid nineteen-eighties proved to management and to the union that the way of conflict bore only losers, that would be lost time, lost production, lost opportunities and lost pay, and in some instances, lost lives.

3.2.1 Reasons for change in attitudes

Management has, since the mid nineteen-eighties, changed their attitudes towards unions. The basic cause of this change of heart emanated from the following:

- i) Workers did not have to sit down to disrupt production. The damaging effects could be achieved by means of what is commonly known as a "slow strike". This means that workers are at their post but work is done at half the normal rate.
- ii) Through a series of pitfalls and mistakes, management learnt the very important lesson of listening (Edwards, 1988:44).
- iii) The current daily demands and grievances are heard and not flatly rejected. This started off a climate which was, and still is, conducive to negotiations.
- iv) Management is also acutely aware of the fact that unions, as well as individual workers, have access to the industrial courts where many an employer has had to accept rulings in employees' favour.
- v) The gold-mining industry in South Africa has lapsed into an extremely vulnerable position regarding survival (Kilalea, 1990:48) mainly due to high cost and low price. The affordability of major industrial action has been reduced to virtually zero. Management knows very well that, in

some cases, as few as two weeks of no production can close a company's doors permanently. The pressures of high production and high grade mining have reduced stockpiles on most mines to a level of non-existence. These stockpiles should act as a financial buffer during strike action. This very fact had forced most mining management teams to adopt a more tolerant attitude towards unions (Gauntlett & Rogers, 1991: 1173).

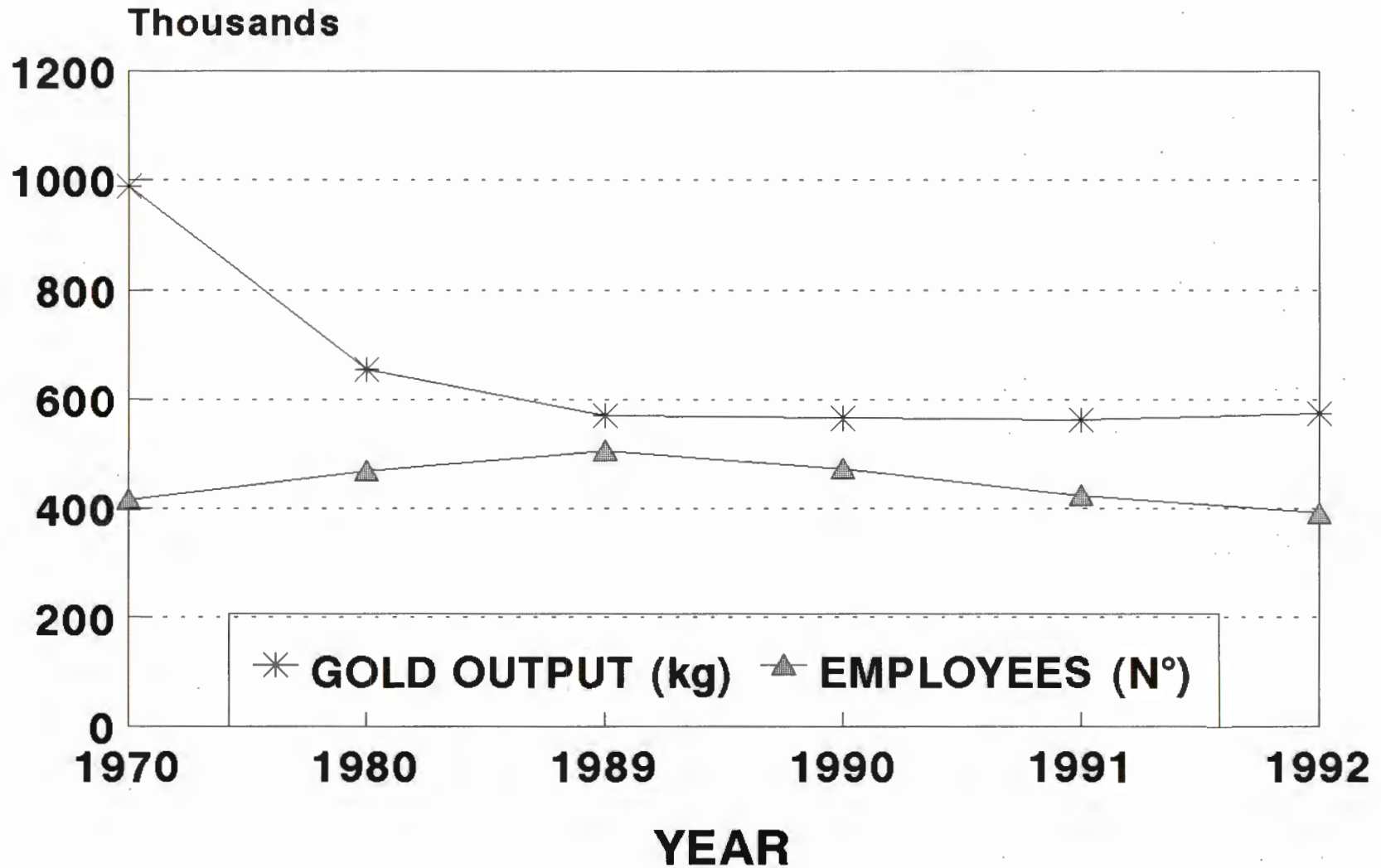
- vi) The National Union of Mineworkers has shown up the cracks and flaws in the industry's Industrial Relations System (c:Nel & Mol, 1988:11) which manifested in some embarrassing industrial court findings. Management, and especially middle management, had become very careful about how grievances and dismissals should be handled. Numerous efforts are made currently by management to reduce the negative effects of unions. This is done by adhering strictly to labour procedures as agreed to between unions and the company (c:Nel & Mol, 1988:11) so that the proverbial finger cannot be pointed to management, should the dispute end in court.
- vii) Employment figures in gold mines are falling. The total number of persons employed in the industry in 1986 were 477 400 which rose to 506 262 in 1989 (Kilalea, 1990:49). This fell to 467 000 in 1990 and 424 000 in 1991 (see Graph 3.1).

A further estimated 15 000 jobs were lost in 1992 and the last 3 years showed a less drastic but steadily reduced labour force. With the unions' strength growing, no mining house can cut such a large number of positions without limited, if any, consent from the unions. The retrenchment packages and conditions under which labour cuts take place are negotiated and debated in lengthy sessions, and very few companies dare to act unilaterally in this regard.

- viii) Several mining houses are adopting the policy of improved labour relations by means of enhanced communications, up and down. The matter is further pursued by a certain degree of participative management whereby

GRAPH 3.1

GOLD OUTPUT VS. No OF EMPLOYEES



the unions and labourers are consulted before changes in the company are effected, such as working hours or changes of shift times. Most mining companies had come to the realization that a content work force is easier to manage. This, however, is not achieved without sacrifice of the earlier autocratic management styles (Jordaan, 1993:2).

- ix) Management had come to realize that a negative and militant work force does not commit itself to standards and safety precautions as would otherwise be the case, the reason being that a discontented labour force is suspicious of everything management does and is thus more prone to accidents. They do not trust management in any of its efforts to promote safety as their perceptions are that the company has a hidden agenda that would put them in a worse position. Various campaigns on the mines, which promote positive attitudes, have proved that safety is enhanced by people having a more receptive attitude towards the company they work for. Each person is kept responsible for his\her own safety, and in addition, the safety of their fellow workmen. This scenario can only be achieved when the employees on a mine feel and accept that they have a common objective along with the mine management.

- x) Affirmative action has become a buzz word in the South African labour market, and its repercussions are felt no less on the South African gold mines. The ANC, COSATU and other similar organizations have stressed the fact that they are not interested in "Window Dressing", which is the placement of blacks just to be seen (Olifant, 1993:3). They want able and important black people in executive jobs being worthy of their positions. This can only be brought about by the companies training these people and providing them with real equal opportunities (Niehaus, 1993:3). This change of climate in the South African labour market is having a marked effect on the attitudes of mine management pertaining to the enhancement of both white and black union members. Affirmative action is a fairly new phenomenon in the South African market and its effect on both business and the black communities can probably be the theme of a separate master's dissertation.

3.2.2 The end of paternalism on the South African gold mines

Mine paternalism typically refers to a pattern between white and black people as that of a superior towards an inferior. Such patterns on the South African gold mines had become the norm of the day to day production business (James, 1991:1).

This paternalism subjected the black mine worker to a number of underling situations in the workplace, in which where he was dominated by a white miner. The same applies in the hostels where hostel management made decisions for black mine workers in what management thought was best for the workers. Workers were hardly ever consulted concerning their wants or needs (James, 1992:2). // ?

This situation slowly started to change in the early 1980's on the newer mines (James, 1992:2) when a system was introduced that was free of any formal ethnic or racial character. Some mines introduced the "all inclusive wage" which covered the cost of private housing, food and medical care. This allowed workers to exercise their free choice as to whether to stay in the hostels or to find private accommodation. James (1992:3) explains in his paper that the changing features of paternalism can be accounted for in the following processes:

3.2.2.1 The ascendance of the African Worker by unionization

White mine workers had their wage positions represented by unions since the mid-1990's. At that stage, and up to the early 1980's, the Chamber of Mines determined the wage levels for the black mine workers.

The recommendations forthcoming from the Wiehahn Commission and the Department of Labour pushed the black union movements in South Africa into mobility and the National Union of Mineworkers (N.U.M) was formed in 1982. With the rapid growth of this union (from 12 000

members initially to over 200 000 in 1987) a number of paternalistic features traditionally associated with the gold mining industry were changed to the following extent:

- a) Independent representation for African workers.
- b) Collective bargaining replaced the annual wage fixing policies of the Chamber.
- c) African worker grievances could be heard.
- d) The managerial prerogative over health and safety issues was pushed aside.
- e) Mass dismissals as a means to break strikes were curtailed by court judgements.
- f) Worker-based committees took over the running of the hostels.
- g) The emergence of the concept of participative management.

3.2.2.2 The changing class character of the African labour force

The black workers or miners were initially known as unskilled labourers, the reason being that certain positions were reserved for white workers by law and the larger percentage of black workers were migrants from the neighbouring states and homelands where formal schooling of any nature was limited. Notwithstanding the fact that the formal colour bar remained in place up to the late 1980's, the white worker fraternity ceded a number of more skilled tasks to African workers, in exchange for higher wages and better conditions of service (James, 1992:5) for the white workers, should they be prepared to give up posts reserved for themselves.

In 1960, skilled workers made up 2 percent, semi-skilled workers 22 percent and unskilled workers 68 percent of the labour force on gold mines. This position has changed to 10 percent skilled, 42 percent semi-skilled and 46 percent unskilled workers in 1990 (James, 1992:5).

More African workers have become junior level supervisors and the most senior level that an African worker could attain on the mines was an Artisan Aid on the engineering side and a Team Leader on the mining side.

Since 1991 this position has improved further and one would currently find non-white persons in senior official positions on the mines. However, these positions are limited to the manpower departments, which means that very few blacks, if any, had commenced the climb of the organizational hierarchical ladder on the executive side, being either production or engineering.

3.2.2.3 The ascendance of corporate non-racialism

During the 1980's the mining houses increasingly placed distance between themselves and state policies upholding apartheid practices. This shift in policy was possibly the result of increased pressure from the unions present on most of the gold mines. Management, facing the constant attack from unions as being racially prejudiced, had to secure their base on non-preferential grounds in order to ensure the survival of their business, the reason being that labour unrest, which inevitably leads to financial loss, had to be avoided.

3.2.2.4 Attitude change

Management and middle management on the South African Gold Mines had come to realize that the black unions on mines are a force that needs to be taken into serious consideration, especially regarding the following:

- a) The manner in which grievances are resolved.
- b) Wage negotiations and disputes.
- c) Disciplinary hearings, formulation of charges and sentences.
- d) Hearings that lead to dismissals.

- e) Union consultation regarding change of shift times and change of type of work.
- f) Leave provision and leave relief.
- g) Multi-skilling of workers and the associated fear of rationalization.
- h) Retrenchments.
- i) Retirements and pension funds.
- j) Medical care and hospitalization.
- k) Housing and feeding in hostels.
- l) Training of workers and affirmative action.
- m) Safety programmes.
- n) Production increases and decreases.
- o) Profit-sharing schemes.

The key to a productive future use of unionized labour lies in proper negotiation between mine management and unions regarding work practices and a remuneration system which satisfies both parties. This could prove to be a long-term process (Edwards, 1988:52). Most management teams have realized that should a beginning not be made now, the problems around organized labour would escalate to uncontrollable levels.

3.3 HISTORICAL OVERVIEW REGARDING UNIONS

During the early 1900's workmen on the mines realized that they had to consolidate in a united front to counter management styles and policies (Macnab, 1987:12). Unfortunately, due to the hardliner attitudes of management, which was subsequently adopted by the Unions, management was regarded as the opposition. This led to a management versus labour situation in which as many as possible points had to be scored against management. The result was an ever-present atmosphere of suspicion (c:Nel & Mol, 1988:11).

According to Ncube (1987:31), it is impossible to speak of trade unions per se. One is inevitably compelled to speak of either black or white unions, the reason being that trade unions have traditionally been established along colour or racial lines

(Ncube, 1987:31). However, as from the mid-1980's, it has become apparent that white trade unions on the mines had become more mature and therefore less exposed to publicity. The black mine unions, however, were in their upward phase of gaining ground among the thousands of black mine workers who have for so long had to accept so little. It had, thus, become inevitable that should one speak of trade unions in this day, black unions would come to mind more often.

The first unions to open their constitution to non-whites on the mines were:

- a) The Miners Surface Officials Association (MSOA).
- b) The Underground Officials Association (UOA).
- c) The South African Tradesman Officials Association (SATOA).

The MSOA demanded that its closed shop be extended to all surface workers which performed a task of clerical nature. The Chamber of Mines opposed this demand and agreed that the black clerks performed such routine tasks which hardly required the skills of normal office workers. Subsequent to negotiations the MSOA agreed with the Chamber that only blacks with a Paterson grading of B5 and above could be allowed to become members (Lever & James, 1987:44).

The UOA and the SATOA were more reluctant to open their ranks to non-whites. The UOA applied to represent all races, but with separate branches and a white executive. By 1986 it had 600 black members (Lever & James, 1987:45).

The SATOA opened to the coloured workers in the early 1980's, but these were mainly reduction plant workers in the O.F.S. (Lever & James, 1987:45).

The above proves that the MSOA, UOA and the SATOA exercises were very much nondescript and meaningless for the working masses and it was inevitable that, during the early 1980's, a union would arise to cater for the ± 400 000 workers that were not represented by an independent body.

The National Union of Mineworkers (NUM) was found in July 1982. The union was the result of an initiative sponsored by the Council of Unions in South Africa (CVSA). The NUM obtained access to mines and collieries affiliated to the

Chamber of Mines in October 1982. A recognition agreement was signed with the Chamber of Mines in June 1983 and Shop and Shaft Stewards Agreement in November 1983 (Friedman, 1987:362).

The above proved that the NUM was to become an integral part of the South African Mining Industry and that management's prerogative in labour matters was being reduced at an alarming rate.

By 1986 the Union had signed agreements with 29 of the 41 operating mines. The NUM grew from 14 000 members in 1982 tot 360 000 members by February 1986 (Friedman, 1987:5).

The figures quoted show the tremendous need that existed among black mine workers to have unequivocal representation in matters in which they never had any say in during the past. It was clear that management, and all other relevant parties, were completely taken aback by the NUM's landslide success. Most observers were of the opinion that nothing would come of the new black union as they argued that the blacks were not ready for it (Lever & James, 1987:43).

Some mining houses, such as Anglo American, pushed the formation of the NUM a great deal, for these companies had their own idea of what the union should look like (Lever & James, 1987:46). What they did not contemplate was the tough politicised movement that emerged.

3.3.1 Current union attitudes

During the early 1980's, when even the NUM was surprised by its overwhelming support, its initial interaction with management was one of aggression, militancy and a burning desire to direct the new power base against the managements that they had fought for such a long time with no effect.

The result was a number of industry-wide strikes which led to the dismissal of an entire shaft labour contingent at one of Vaal Reef's shafts. It was quite clear, with the initial onslaught of the union during the mid- 1980's, that this

new industrial power was not to be directed at mining houses only. The union leaders quickly realized that they could use this force to fulfil their and their comrades' political aspirations which were otherwise not possible under the government's policy of separate development (Ferndale, 1990:16).

Labour union action initially started with strikes due to wage disputes and unfair dismissals (Ferndale, 1990:16). As the union gained momentum, it focused its demands around socio-political issues such as housing, medical care and schooling. The threats of strike action and production disruption were then used as an aid to political liberation (Henson, 1978:11), the reason being that the unions were very much aware of the fact that the South African Government relied heavily on the mining sector for income. The mining houses and mine management were thus used as a medium through which to direct their political discontent at the ruling party.

Since the initial stormy years, the unions, like management, had come to realize that the way of conflict led to losses. It would be lost jobs and loss of face when unions could not meet their promises and loss of income from union fees. The NUM appreciates the fact that loss of members means less income to the union, and also the fact that loss of members eroded their power base.

The unions, being either white or black, have thus restricted themselves to negotiations with management. All the relevant noises about strikes are still being made, but the concept of negotiated settlements seems to have been victorious.

The NUM, in collaboration with COSATU, had entered in a new dimension of unionism since the late 1980's and early 1990's. It is interesting to note that Michels (1959:32) had written, in 1959, that democracy in a union is a self-destructive and unachievable goal and unions tends to become oligarchical. He further stated that "every professional union becomes divided into a minority of directors and a majority of directed." This is a description that is rather suited to COSATU and the NUM, the reason being that as a union grows and the structure becomes more complex, more skilled and highly qualified persons

are needed. As the ordinary members do not have these skills, the higher posts in the union are monopolized by the better educated people and these individuals then tend to take complete control of the unions.

These higher qualified union leaders have a more enhanced political awareness than the ordinary union members and it is therefore unavoidable that the union would use its power to gain ground in the political arena and therefore force their political views onto the members, instead of attending to the members' social aspirations.

3.3.2 Current union approach to management

- 1) Unions have found that management should rather be approached with a well-prepared argument that contains examples of company profits and worker inequalities. Gone are the days of rebuke and threats with a patronizing reaction from management. Union negotiators currently have access to academics and economists employed by these movements.
- 2) Unions have learnt that credibility is very important, not only pertaining to members, but also regarding company management.
- 3) The unions on the gold mines, both white and black, have come to appreciate the fact that, since 1990, the gold price has had a very negative effect on wage increases and numbers employed. A number of remarkable settlements had followed regarding retrenchments and wage increases. This phenomenon proves that the unions, to a certain extent, recognize the fact that over-zealous bargaining can kill the proverbial golden goose, which will develop into mass unemployment and the subsequent negative effect on the union's credibility and member numbers. This "power-play" to help marginal mines stay in business was a definite sign that the black unions had reached the early stages of maturity.
- 4) Unions still have hidden agendas, and the demand that seniority rather than achievement or performance, in some cases, be used as a criterion for

positioning, is proof thereof. This would be in the interest of their long-term members (a:Nel & Mol, 1988:8).

- 5) The concept of collective bargaining had finally arrived, in particularly black union ranks, as from 1989 onwards. The principle of demanding more than what is really required, and that the goals are reached by consensus and counter concessions, was mastered by the union negotiators in a relatively short period.
- 6) Organized labour had learnt very quickly that it was counter-productive to declare final disputes at wage negotiations. The cost of arbitration or industrial court action and the fact that the increases were as result delayed, have prompted negotiators to reach settlement as soon as possible.
- 7) Black unions are, of late, more concerned with job preservation than white unions, as was seen during the negotiations of production on Sundays at the Loraine Gold Mines LTD. The black unions agreed to work on Sundays while the white unions refused pointblank to comply (De Witt, 1993:2).

3.4 CONCLUSION - UNION AND MANAGEMENT PERCEPTIONS

Firstly, unions regard management as an avenue through which they can aim their political aspirations at the ruling governing party. Secondly, management remains as means through which the social needs of the members can be improved. Management is dependent on members' labour and are therefore held accountable by the unions to satisfy needs other than remuneration. Thirdly, unions have come to realize that they can reach their goal more easily by means of negotiating than by militancy and threats.

Managements regard unions as a fact of business life and have accepted their involvement in the running of companies. In addition, the unions are representative entities with whom management can negotiate and they can be kept accountable.

A certain degree of order has emerged on mines with large complements of migrant labour since the inception of unions. Faction fighting was rife on the gold mines before the age of unions, and management was faced with no one to talk to, because no one was deemed as being representative. One hardly hears of faction fights these days, as the union has, and still does, act as a catalyst between the different ethnic groups.

CHAPTER FOUR

ASPECTS OF LABOUR AND MINE CONTRACTING IN SOUTH AFRICA

The following aspects of labour are to be discussed in this chapter:

4.1 Labour as an input to production.

4.2 Determining the cost of labour.

4.3 Practical aspects of mine contracting in South Africa.

4.1 LABOUR AS AN INPUT TO PRODUCTION

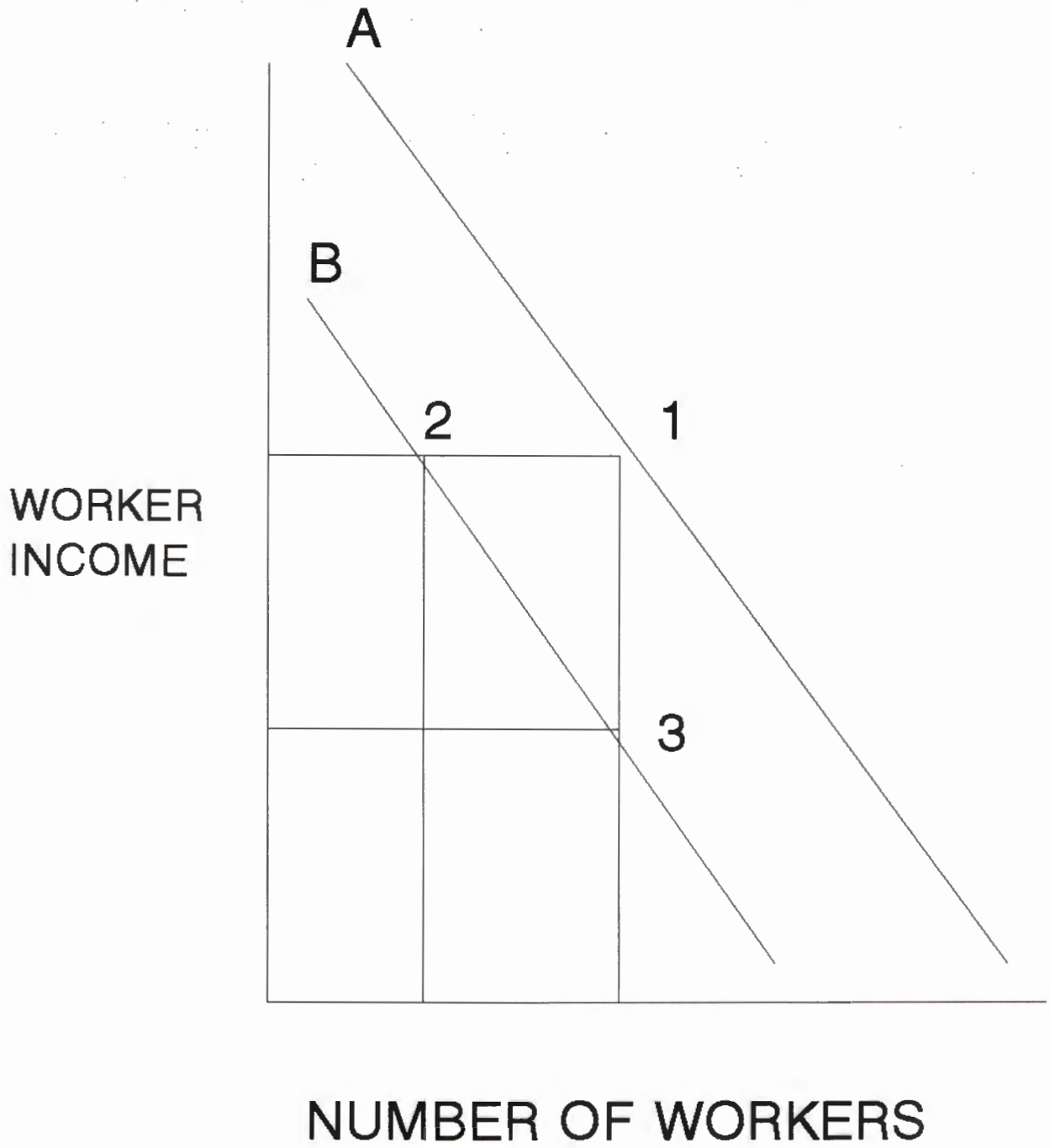
Labour, according to Sorgdrager (1978:561), can be defined as: "A specific form of activity which is associated with concentrated effort and is aimed at a usable activity." What is not mentioned in the above definition is that labour is not for free. People justifiably want something in return for labour and the cost of labour has become a prominent share of production realities.

The labour output of people is categorized according to its rarity and importance. People are therefore willing to sell their labour, and associated skills, to those who counter-perform the best. This causes the population to be divided into different income groups due to the uneven distribution of income (Van Wyk, 1998:14). The said unequal distribution would not be possible under socialism where everybody receives the same remuneration. The classification of labour has led to the unequal distribution of wealth. Tasks performed by unskilled labourers are classified as repetitive and automatic. Tasks which require the performer to think and to make choices are deemed as semi-skilled or skilled. Skills cannot be attained by training only. The incumbents have to put in a certain amount of effort to be deemed fit to qualify. Skills of this nature are relatively scarce to obtain and would therefore be paid according to supply and demand (see in this regard Figure 4.1).

Labour is cheaper when it is more accessible and available. (Flanagan, Smith & Eherenberg, 1984:53). When demand in Figure 4.1 drops from A to B, and worker income stays the same, a smaller number of workers will be employed (Pos 1 → 2).

FIGURE 4.1

DEMAND AND SUPPLY OF LABOUR



Should the number of workers stay the same with a shift in demand from A to \bar{B} , the workers' income would be less. It very seldom happens in the South African context that worker wages are reduced. To comply with the above laws of supply and demand, the number of workers is reduced while worker income stays the same with the reduction of demand.

Labour can only be hired. The people providing the labour cannot be bought and sold. Thus, the conditions which an employer creates for workers to work in often become as important as the price (Ehrenberg & Smith, 1987:2). Underground conditions in a gold mine would be regarded as being extremely harsh and hostile. However, with the correct induction, training and acclimatization workers can be well equipped and conditioned to work underground. The other very important aspects regarding underground work are safety practice, good discipline and good housekeeping. All the mentioned factors turn an underground work-place into an acceptable and challenging working environment.

Working conditions are therefore determined by interaction between supply and demand, between the buyers and sellers (Ehrenberg & Smith, 1987:25). If the supply is high and the demand low, working conditions do not have to be good, and vice versa. The interaction will continue to determine the price of labour, provided the price is not fixed by either party or any outside influence. Forcing of the price will occur when either the buyer or supplier is in a monopoly situation. External influences could be unions, legislation or an abundance of labour as is found in Brazil. In a free market one would find institutions developed to facilitate contact between buyers and sellers. These could be private or state-owned agencies acting on a similar basis as estate agents. The free market forces of demand and supply seem to be more prominent in small business than in large corporations, the reason being that small businesses have had less influence from unions and formalized conditions of service as one would find in a large corporation.

4.2 DETERMINING THE COST OF LABOUR

Cost in the gold-mining industry can mainly be divided into capital, working cost and sundry cost (Van Wyk, 1988:89). Capital represents monies obtained or funded

by a company to finance expansion, new projects, new or replacement equipment. The labour that is paid for by capital is the labour which is employed to perform work associated with the project.

4.2.1 Working cost on gold mines is primarily grouped into:-

- a) Direct materials;
 - b) Direct labour; and
 - c) Overheads (Van Wyk, 1988:26).
-
- a) Direct materials would comprise material directly associated with production such as explosives, drill-steel, support, oils and grease, fuels, steelwire rope, chemicals, etc.
 - b) Direct labour is labour associated with the production process, such as:
 - Miners, being the holders of blasting certificates.
 - All supervisory posts directly associated with production.
 - All unskilled and semi-skilled posts associated with production.
 - A certain section of maintenance-related labour.
 - c) Overhead costs are considered to be costs generated by:
 - Service departments' costs.
 - Medical costs.
 - Personnel not directly involved with the production process, such as manpower, survey, administration, etc.
 - Ore-processing costs.
 - Administration costs, such as stationary, electricity, water, etc.
 - Company contributions and leave provisions (Van Wyk, 1988:42)

Indirect labour costs generated form part of secondary costs, and are only attributable to material and labour not associated directly with the production process, and are therefore deemed as indirect cost (Sorydrager & Tromp, 1978:132). Indirect cost would, in the greater context, be part of overhead cost.

4.2.2 Costing techniques

There are, in theory, five commonly accepted techniques for costing (Holoviak, 1984:20):

1. Total annual cost - This would be the cost referred to as that which was spent over a period of time, usually a year. The technique is used to determine the total situation rather than investigating the cost per unit and is mainly used to obtain an indication of what union demands amount to.
2. Cost/employee/year would be the total cost of the benefit divided by the total number of employees. This system would determine the worth of each employee and would indicate whether persons employed are being utilized effectively. This method is, in addition, used to determine the current number of employees at work.
3. Percent of payroll - which means that the total cost of providing the benefit would be divided by the total payroll. This method would be applicable should the unions be involved in collective bargaining and should management need a quick response to determine the cost of the union request, the proviso being that it should cover all the workers.
4. Cost/hour/employee is a technique used to determine the cost and the earnings of an employee/shift, should the employee representative body (such as a union) require that employees be remunerated at an hourly rate. The other advantage of the method is that the effect of union wage demands can be calculated very rapidly, should management need to know what the total wage bill effect of the demands is, before agreements regarding wage increases are reached. This method is ideal to determine continuous process cost.
5. Total cost/hour is calculated by dividing the total cost of the benefit by the total production hours worked by all the employees involved in the

benefit. This type of costing method is ideal for piecework, being an operation from which the benefits emerge one by one.

4.2.3 Union influence on the cost of labour

Union approaches to collective bargaining seem to be reactive in nature (Holoviak, 1984:4) and respond to how companies approach wage negotiations. Unions may waive certain demands should the company be approachable on other issues. If the company adopts a hard-line stance, the union will follow suit. The outcome of the latter usually ends in a declaration of dispute which could end in a strike ballad.

Some companies in the United States of America and in Japan have managed to negotiate reverse collective bargaining (Holoviak, 1984:7). This is the concept of labour returning to management some of the benefits agreed to in the past, such as a percentage of past negotiated wage increases. This drastic measure is mainly used when a company is in financial difficulties and the work force face retrenchment or total closure of the company. Labour in South Africa has not yet reached this stage of advancement. It would only be a very mature labour force that would have the long-term vision to agree to a settlement of this nature. In addition, company management in South Africa does not generally have the credibility with labour to achieve an agreement of this kind.

Job worth, as determined by a job analysis and job evaluation, is the theoretical criterion for wage determination (Holoviak, 1984:19). This is probably the most important cause for the run-away "labour inflation" that industry in general is facing currently. Wages are determined by negotiated settlement year after year with no associated increase in job worth or productivity.

4.3 PRACTICAL ASPECTS OF LABOUR CONTRACTING IN SOUTH AFRICAN MINES

4.3.1 General remarks

The one objective all contractors have in common is to make a profit. Contractor companies are much smaller than gold mining companies and they do not have the reserves and cash resources that some of the big gold mines have. Their cost structure is much more open and it has less opportunity to "hide" costs.

A contractor, after having been awarded a contract would look to increase his profits by cutting his own cost and to speed up the progress of work (McKay, 1987:286). This approach is usually acceptable to the client, as long as quality of work and safety are not neglected. The less reputed contractor would attempt to increase his profits by resorting to claims and contract variations. This usually causes disagreement and conflict between the contractor and the client.

Most disagreement can be avoided by proper preparation and good communications (McKay, 1987:286) throughout the contract period. It is extremely important that regular project meetings be held between the client and the contractor. Proper minutes should be kept of all important discussions and decisions at these meetings. Changes of scope, a reality with all contracts, should be put in writing and the extent of change and payment thereof should be agreed to and signed for before the changes are made.

When the contract is awarded, it is vitally important that a proper schedule of responsibilities, plans and drawings, geological reports and a bill of quantities be compiled and agreed upon (McKay, 1987:288) before the work commences. The above will determine what procedure to follow when geological disturbances, ground water or bad ground is encountered. It will, in addition, elaborate on the extent of the work and will indicate who is responsible for what. The said schedule will be indicative of the materials to be used, and how its use is to be recorded.

Payment of a contractor should be done monthly and the basis used must be a predetermined amount of work, commonly known as piecework. The work is to be measured, agreed upon by both parties and noted on a certificate of payment. Proper record should be kept of all payments made to a contractor. Any contract variation instructions (CVI) which is the authorization of additional work outside the contract, should be decided on and agreed to in the finest of detail by both parties.

A contractor has to comply with the rules, instructions, standards and legal requirements of a mine before he is allowed on the work site. He, as well as the client, must ensure that the contractor personnel are declared medically fit, properly trained and made familiar with the surroundings at their place of work. The contractor tools and equipment should be checked to ensure that they comply with mine safety standards and requirements.

The battery limits of the contract should be agreed upon and made available to avoid the contract personnel using mine equipment for their own advantage without paying for it. Certain services, which will be supplied by the mine, will be made available to the contractor and his personnel. Should the contractor require any additional material and services from the mine, and it was not part of the agreed battery limits, the contractor should pay for the use of such service or equipment. Battery limits usually supplied by the mine to a contractor are electricity, water, compressed air, underground transport and whatever material the mine can obtain more cheaply than the contractor can do.

Both parties should protect themselves with a "General Conditions of Contract" clause in the main contract, which will cater for claims, disputes, penalties, retention, force milieu, mediation, arbitration, escalation formulas, etc.

4.3.2 Types of contracts

4.3.2.1 Contract based on open tender (McKay, 1987:290)

This can be regarded as the more secure type of contract with the least strings attached, to the benefit of the client. The concept consists of any number of contractors who can tender for the work. The successful incumbent will have the best price with the best experience and equipment. The opposite applies for the contractor. The open tender system reduces his profit margin as he must attempt to offer the best price in order to ward off his competitors.

4.3.2.2 Negotiated contract (McKay, 1987:290)

The contractor is invited to negotiate with the client to formulate a contract which suits both parties. In this case the client would have preference for a certain contractor due to specialized skills, because of past association or because the contractor is affiliated to the same mining company as is the client. The purpose of such negotiations would usually be to ensure that both parties are satisfied with the price, as well as the profit margin. This type of agreement can lead to the detriment of the client or the contractor as the aspect of competition is absent in the case of the contractor and the client can demand price discounts from the contractor on the grounds of preferential treatment.

4.3.2.3 Cost plus contract (McKay, 1987:290)

The cost plus contract can be awarded in open and negotiated contracts. This type of agreement is notorious for leading to ongoing friction between client and contractor.

Disputes usually arise from two problems, these being:

- a) What costs are claimed by the contractor and which are acceptable to the client.
- b) How to ensure that the contractor is completing the work in the best possible time and how efficient the cost control is.

It is in the interest of the contractor to prolong the duration of such a contract, because he simply adds a mark-up to any cost and presents it to the client for payment. This type of contract usually emanates from a project not yet wholly defined. A venture involving a contract of this nature is not to be recommended.

4.3.3 Conditions of contract

The conditions of contract, also known as the "General Conditions of Contract" entail the legal aspects of a contractual agreement which caters for disputes, cancellations, behaviour of client and contractor, the formalities concerning additional work and the method of payment. The client and contractor may include any clause as per agreement that could cater for any special circumstances that may arise. The Association of Mining Contractors (McKay, 1987:296) have formulated their own standard condition of contract. This serves as a common base on which to place contractors, and would simplify the adjudication of different tenders should the client employ an open tender system for certain works.

4.3.4 The retention clause

It would be appropriate for a client to have a financial hold over a contractor which would serve as security, for a set period even after the completion of the works. The usual practice entails the withholding of 10% of contract value for a period of time as agreed between the parties, which would serve as a guarantee, should any costs be generated by the failure of the works, or a part thereof. Should nothing go amiss during the retention period, the retention fee is released to the contractor (McKay, 1987:297).

4.3.5 The penalty clause

The penalty clause is fairly common in large contracts and its purpose is to penalize the contractor should the work be delivered behind schedule (McKay,1987:298). The rather unfortunate side of this measure is that very little, if any, is said about an incentive bonus, should the contractor finish ahead of schedule and within budget.

Care should be taken that the penalty is not too onerous, because the contractor could build the maximum coverage into his rates.

4.3.6 Claims

McKay (1987:288) discusses two kinds of claims. These are:-

- a) Claims for extension of time, due to unforeseen circumstances.
- b) Claims for compensation of cost incurred due to unanticipated costs, such as a change of design on a part of the works.

Claims should be settled in a professional manner, and this is applicable to both parties. A reputable contractor realizes only too well that negotiations and bargaining in bad faith might badly influence future business with the client.

It is imperative that claims be settled at the lowest possible level, because an escalating dispute which leads to mediation and arbitration generates an enormous cost in legal fees. These costs usually do not include the hours spent by contractor and client personnel to prepare their cases to be heard.

4.3.7 Conclusions

The use of a contractor to employ specialized skills can be an enlightening experience, should the work be approached in a professional manner. It can,

however, develop in a destructive cost war, if not controlled properly and if the contract claims are not tailored to fit the conditions of a certain job.

CHAPTER 5

THE MEASUREMENT OF STAKEHOLDER PERCEPTIONS AND ATTITUDES IN REGARD TO CONTRACT LABOUR

5.1 NATURE OF THE EMPIRICAL RESEARCH

5.1.1 Introduction

Empirical research should be directed in such a way as to enhance the scientific value and accountability thereof.

The above is achieved by conducting and reporting the research in a systematic and orderly manner.

This research was done and reported along the following guidelines:-

- Identification of the problem.
- The problem statement.
- The relationship between the objectives of the study and the imperial research reported.
- The research method.
- The description of the research criteria.
- Portrait of the survey target populace.
- The adaption of the research data.
- A discussion of the results obtained.
- The conclusions drawn from the research (Chapter 6).

5.1.2 Identification of the problem

Labour costs on the South African gold mines have forced a number of mines to retrench workers, downscale size of operation or close down altogether. As the gold mines remain to have a definite influence on foreign earnings and job

creation within South Africa, the investigation of alternative labour structures on the gold mines can eventually lead to an improved cost situation.

Labour hire companies could possibly be part of the answer to the problem. These companies could provide the industry with the flexibility required as to enlarge or reduce labour complements on the mines without retrenching people and have their ties severed with the gold mining industry (Paragraph 1.1).

5.1.3 The problem statement

The problem, which is the central theme of this research is:

"The replacement of employees with contractor labour in the South African Gold Mines".

5.1.4 The relationship between the study and imperial research

The primary objective of this research was to determine the attitudes of gold mines, contractor companies and the unions towards the replacement of certain mine labour with hired labour (Paragraph 1.3.1).

Thus, the research had to be conducted in such a manner as to yield the necessary information which was required to meet the demands of the primary and secondary objectives (Paragraph 1.3.2).

The research objectives, therefore, were:-

- (a) To establish what the gold mining concerns' and perspectives are towards mining contractors.
- (b) To determine the extent of current use of contractors and whether any scope for extended use on these mines do exist.
- (c) To establish a cost comparison between mine and contractor labour.

- (d) To assess the interest within contractor firms to venture into the production process on gold mines.
- (e) To determine the importance of service departments on gold mines and what influence a contractor labour system can have on these departments.
- (f) To establish the viewpoint of the various unions regarding a labour system as is described in paragraph 5.1.3, being the problem statement.

5.1.5 The research method

The relevant research data was obtained from target mines, contractor companies and unions by using questionnaires (Paragraph 1.4).

Questionnaires are particularly suited considering the wide range of questions envisaged within the research. These varied from statistical figures to company policy and to people perspectives.

The questionnaires were compiled in such a way as to simplify the adaption of the data collected. Alternative choice of answers were provided for in the questions that did not require a definite answer, as to enhance the validity of the research.

5.1.6 The description of questionnaire criteria

The questionnaires compiled to serve the various parties concerned, were:-

- A questionnaire for mine managers.
- A questionnaire for contractor managing directors.
- A questionnaire for senior union representatives.

The questionnaires were developed by listing all the relevant issues that can influence the proposed labour structure. These issues were compiled in question

format to obtain numbers, company policy and professional opinion within all three target groups.

(a) Questionnaire criteria for gold mines

The basis for the relevant questions asked stem from what is regarded as common practice on the gold mines, the standards being used to determine productivity in the industry along with the experience of the researcher regarding known attitudes, and what is regarded as sensitive issues in the management system of the industry.

The specialist mine contracting business in the South African gold mines have enjoyed an establish position in the industry for many years. The controls and standards currently in force regarding contractors on the mines were investigated as to determined whether these controls (Paragraph 4.3) are applicable in the proposed labour system.

The issues measured by the questionnaire are the following:-

	QUESTIONS
Statistical data and worker class ratio's	1-6, 10, 19, 20
Union activity on the mine	7-9, 54, 55
Management attitudes towards contractor companies	11-14, 16, 50
Management doubts on the proposed labour system	24-27, 33, 39
Positive views towards contractors	31, 35-38, 40, 49
Advantages and disadvantages of using contractors	49, 50
The possible effect of the contracting system on service departments	22, 23, 28, 30, 44, 45
The influence on costs should a contracting system be used	17, 18, 21, 32, 34, 41, 42

Skills of employees	15, 51, 52, 53
Criteria to be used when a contractor is measured	29, 43
Ore reserve situation of each respondent mine	46-48
General comments	56

(b) Questionnaire criteria for contracting companies

This questionnaire was developed by concentrating on the services that a contractor can provide to a gold mine and on which basis the mine would be charged for services rendered.

The source of labour for these companies were investigated as well as their ability to be flexible in the supply and removal of labour (Paragraph 3.2.2.2). Traditionally, all labour in South African gold mines were obtained by recruitment agencies, which recruited workers from rural areas in and around South Africa.

The issues investigated by the questionnaire are the following:-

QUESTIONS

Company Details	1 - 2
Functions or work that can be performed by the company	3, 4, 15, 16, 22
Choice of criteria to be used when services rendered are to be measured	5, 13
Aspects regarding costs for services rendered	9, 10, 11, 12, 23, 24, 25
Management preferences	6 - 8
Union matters	14, 26
Attitudes towards safety	27, 28
Sources and flexibility of labour	17 - 22

(c) **Questionnaire criteria for unions**

This questionnaire was exclusively developed to determine the attitude of unions towards mining contractor companies. Unions are historically opposed to the presence of mining contractors on the gold mines as they regard these companies a non-unionized labour alternative for the gold mines.

The ascendance of the African workers by unionization (paragraph 3.2.2.1) was a long and difficult period for the black unions to gain the necessary recognition. The white Mine Workers Union had an equally difficult road to follow since the 1922 strikes.

The unions will thus be the parties most opposed to the proposed labour dispensation. The nature of their objections, however, will make a valuable contribution to this study, possibly to investigate the probability of common ground regarding future negotiations on the subject of contract labour.

The issues measured by the questionnaire are the following:-

	QUESTIONS
Union name and groups represented	1, 2
Reference of groups represented	3, 4
<u>Union attitudes towards contractors regarding:</u>	
Their potential as employees	5, 6, 7, 9, 15
Them being a threat to unions	8, 12
Recognition agreements	10, 11, 13
Their involvement in the proposed labour system	14, 16, 17
Their position in the industry	18, 19
Union opinion of the current labour situation on gold mines	20 - 35

(d) Questionnaire distribution

The questionnaires for the companies in the Transvaal region were delivered to the mines, contractor companies and unions in person by the researcher. On these occasions, the researcher had the opportunity to discuss the proposed labour system with senior personnel of the target companies and unions.

The questionnaires for the companies approached in the Orange Free State area were forwarded by post after the researcher had explained over the telephone what was required.

5.1.7 Portrait of the survey target populace

There are approximately forty (40) gold mines listed on the Johannesburg Stock Exchange. Fourteen of the larger gold-mining companies were approached. "Larger" being defined as mines which mill more than 150 000 tons of ore per month, and which employ more than 5 000 people. The actual reason for choosing the larger mines was that these concerns would be in a better position to afford contract labourers due to the fact that they have large ore reserves and large labour forces (paragraph 1.6.8). It was assumed that these mines would benefit most from the proposed labour dispensation and the flexibility it would provide. Nine of these returned the questionnaires, which represents a response of 64 percent.

Six of the more reputable mining contractor companies were approached, of which four returned the questionnaire. This represents a response of 67 percent. The six companies approached have been in the contracting business for a longer period than other similar companies, and are thus more suited to provide input into a study of this nature.

The mines that had returned the questionnaires mill 2 570 000 tons of ore per month and employ more than 100 000 people, representing approximately 25% of the people employed in the gold mining industry (Paragraph 3.2.1).

The answers given by the executives of the various companies were used to determine averages and general attitudes. The figures quoted in this chapter are not representative of any one mine or contractor company. Although the respondents were very helpful, most of them insisted that their particular response remain confidential, the reason being the sensitive nature of the topic of this dissertation.

The two unions approached in this study represents all the people that would be affected by the proposed labour dispensation (Paragraph 1.4.2).

Their spokespersons represent the top echelons of these labour movements. The spokesperson for the N.U.M (Nation Union of Mineworkers) was Mr Manny Depitco, then the regional representative of the A.N.C (African National Congress) in the Northern Cape, a former regional secretary of the N.U.M.

The spokesman approached for the M.W.U (Mine Workers Union) was Mr Flip Buys, with no success after several attempts to have him respond to the questionnaire (Paragraph 5.3.2).

5.1.8 The adaption of questionnaire results

The results from the mines and the contractor companies were listed in tables, using the various question numbers to head the columns. The averages of the companies' response to each question were calculated and are reflected in the various tables and discussions throughout Chapter 5.

The questions that required a "yes" or "no" answer were derived in a similar manner except that no averages were calculated. The yes or no answers for each question were counted and the results depicted and discussed within Chapter 5.

The Unions' response were reported directly in the text of Chapter 5 as there were only two concerned.

5.2 RESPONSE FROM GOLD MINING COMPANIES

Response to the questions in these questionnaires were classified into sub-divisions as to address the following topics:

5.2.1 Managerial perceptions of contractors

The initial response to the questionnaires indicate that the average ratio of supervisors to union and non-union workers is 1:43. Thus, on average, one supervisor will have 43 subordinates. In the production situation, this figure could rise to 1:450, being a shift boss with 3 large mining sections. These figures are important, because they serve to indicate a reason for less productive performance within the worker ranks on mines, should the workers not be motivated or have an incentive to be productive on their own, without supervision.

Of interest is the fact that only 50 057 or 50 percent of the employees on these nine mines are registered members of The National Union of Mineworkers (NUM).

The average number of ethnic groups on these mines is 10 with a high of 18 on one mine. This figure includes whites, Asians and coloureds. When asked whether these mines had any preference for a specific ethnic group or groups, four of the nine mines responded positively.

When questioned whether unions are very active on the mines, eight out of nine mines said yes. Seven of nine mines responded yes to a question regarding the unions causing production delays during the period December 1989 to December 1992. The total number of production days lost due to union activity on these mines during the period in question is 120 days, representing 936 622 production tons. Assuming an average gold content of 5g/ton, the lost tonnage represents 4 683 kilograms of gold, which at R32 000.00 per kilogram, would net an amount of R150 million lost in revenue during the period in question.

This figure excludes loss in wages, should the companies have adopted a policy of no work - no pay.

The mines were asked whether their companies adopted positive attitudes towards contractor employees in general, on which five of nine voted yes. The respondents employ 5 537 contractor employees on their mines which represents 5,24 percent of the total people employed on these mines. Not one of the mines reported union action from contractor personnel on their premises. On a question whether contract employees are more expensive than mine employees, seven out of nine answered no. This response serves to prove that most mine managements do not regard contract employees as a more expensive type of labour than mine employees.

When asked whether the managements of these mines would consider to employ contractors to perform their production, six of nine said that they were not in favour of such a labour policy.

The following table contains the respondents' reactions which may be indicative of why contractors are not used more frequently on gold mines:

**TABLE 5.1
MANAGEMENT DOUBTS ON PROPOSED LABOUR SYSTEM. (N=9)**

	YES	NO
Supervision problems with contractors	6	3
Resistance from unions to contracting system	9	0
Contractor ability to manage and administrate full stoping and development areas	3	6
Compromise of safety record with such a system	5	4
Are contractors safety conscious	3	6

The answers depicted in table 5.1 clearly reflect the doubts that mine managements have regarding the proposed labour system. The issues regarding

union resistance and safety may be those factors that carry the most weight with management.

The table below reflects the positive impressions that management have regarding the use of contractors:

**TABLE 5.2
POSITIVE VIEWS TOWARDS CONTRACTORS. (N=9)**

	YES	NO
Would you contract engineering services out?	8	0
Do you regard your own labour to consume less material and goods than a contractor?	2	7
Will supervisors have a positive approach to contractors?	4	3
Do you see contracting as a viable labour alternative?	6	3
Do you regard contractor personnel as well trained?	5	4
Would you regard contractor personnel to be more productive?	7	2

The results depicted in table 5.2 reflect a certain recognition towards contractors and in particular regarding productiveness and efficiency. There is a definite tendency of indulgence with engineering services being performed by engineering contractor firms. With regard to productivity, the mine management clearly acknowledges the fact that contractor personnel are more productive than mine personnel. When the respondents were asked to list the advantages of using contract labour, some of the individual responses were as follows:

- Lower cost and higher productivity.
- Highly cost effective.

- Easy to dispose of services upon completion of a task.
- Improved productivity and flexibility regarding the increase and decrease of labour numbers.
- Increased production with the same working cost.
- Cheaper production - lower cost.
- Lower cost per unit produced.

When asked to state disadvantages of the proposed labour system, the managers mentioned the following:

- High retrenchment cost of the current employees, should it be applicable.
- Negative current employee reaction.
- Declining safety statistics.
- Management will have to spend more time to ensure quality and safety.
- Lack of training of contractor personnel.
- Bad quality control.
- Lower mine standards.

The above responses are collectively important as they show a tendency in manager attitudes.

Should all of the above be taken into consideration, it would be justified to state that the resistance against the increased use of contractors on gold mines is due to reasons other than cost.

5.2.2 The possible effect on service departments in the proposed labour system

The managements of the target mines were asked to comment on the future of service departments, should the proposed labour system be introduced.

When asked what service departments are to be closed should the labour system be adopted, the responses were as follows:

TABLE 5.3**SERVICE DEPARTMENTS TO BE CLOSED (N=9)**

DEPARTMENT	YES	NO	NO COMMENT
Training Centre	3	6	0
Hostel	1	8	0
Clinic	0	9	0

The service departments mentioned above in table 5.3, are those of which the existence will be in question, should the proposed labour system be considered.

Eight of nine respondents said that, given the proposed labour system, the mines would avail their service department facilities to the contractors on a fee basis. From Table 5.3 it is clear that the majority of mines would remain involved in the training centre, clinic and hostel. The reason might be that past experience has shown these to be sensitive or critical areas. One respondent suggested that these departments be kept open, but operated by a contractor firm specializing in whatever the department's function is, should the price be acceptable.

When asked who does the hostel catering on the mine, all of the respondents said the mines do their own catering. This was a rather surprising response, the reason being that there are a number of very active contractor caterers in the mining industry.

With regard to the supply of mining equipment and materials, eight of nine mines said that they would prefer the mine to supply these goods, the reason being that the mines would want to control the quality of the goods used, to ensure the contractors do not use sub-standard materials and equipment to alleviate profit margins. Five of the mines said they did not foresee such a dispensation to have any effect on their stores content.

When asked whether the mines would consider the labour of service departments to be included into the hypothetical labour system, six of nine said no. When asked to elaborate, the response was as follows:

TABLE 5.4

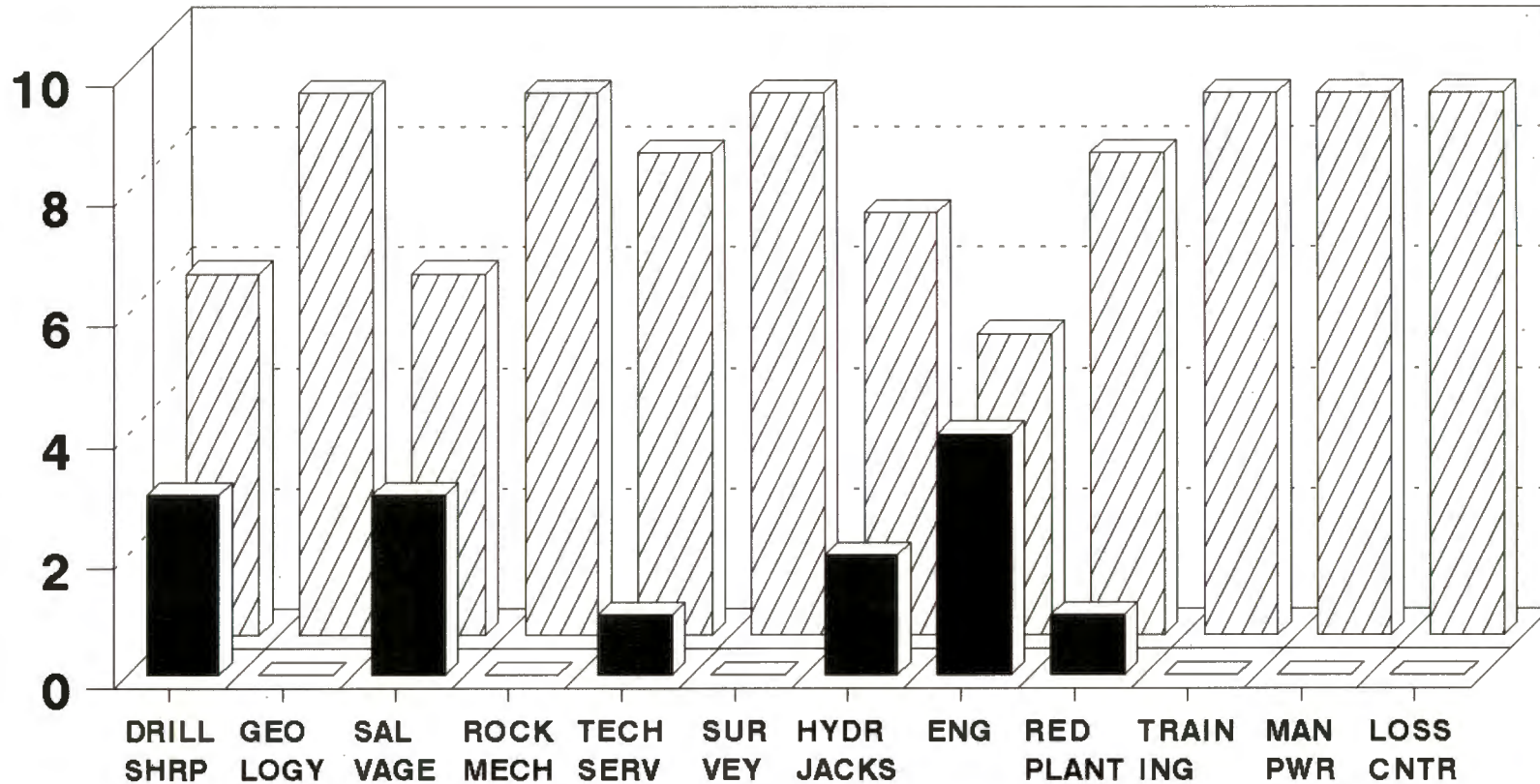
SERVICE DEPARTMENT LABOUR TO BE CONTRACTED OUT. (N=9)

DEPARTMENTS	YES	NO
Survey	0	9
Geology	0	9
Rock mechanics	0	9
Engineering	4	5
Technical services	1	8
Salvage	3	6
Drill-steel sharpening	3	6
Hydraulic jack repair	2	7
Reduction plant	1	8
Loss control	0	9
Training	0	9
Manpower	0	9

Comprehensively, Table 5.4 depicts very clearly what service departments, or part thereof, on a mine, management do not see as suitable to be handed over to contractors (see Graph 5.1 for Table 5.4 in graphic form).

GRAPH 5.1

Services that can be contracted out



MINE RESPONDENTS



As stated previously, the reason may be that mine managements regard the service departments as their control mechanism to watch whether the contractor production personnel adhere to standards and regulations. It may be appropriate at this stage of the thesis to point out that rock mechanics, survey and geology are extremely important functions in a deep level mine, and their specialized services are vital to maintain a safe environment in the work place.

5.2.3 The economic indicators on the respondent mines

The respondents were asked to supply their mines' efficiency figures as well as the average cost per employee in terms of value per month. These figures were needed to draw a cost comparison between what gold mines pay for certain skills and what contractors would charge for these skills. The contractors were asked to quote efficiency figures of their own. Their response was that they needed a given production situation in order to be able to quote relevant amounts, which is understandable.

TABLE 5.5
RESPONDENT GOLD MINES' AVERAGE EFFICIENCIES

ITEM	FACTOR
Cost per ton milled	R139.06
Cost per kg gold produced	R27 357.00
Cost per union employee per month	R3 202.88
Ton per employee per month	25.58
Ton per official per month	1 137.11
Average cost per contract employee per month	R3 350.17

In Table 5.5 the average cost per contract employee per month is depicted as being higher than the cost per mine union employee per month. However, the figures compare very favourably due to the fact that mine employees are fed, medically treated and housed on a much larger scale than contract employees.

It is thus a matter of economies of scale. The more people who are fed, the less the average cost/employee would be.

The mines were questioned on labour cost as a percentage of working cost. The average of the responses was 50.48 percent. Thus, even in current times, after a large number of people had been retrenched and other costs were severely cut, labour remains to constitute 50% of working cost on the South African gold mines.

When the respondents were asked whether their cost per centare or per meter mined could improve, all of them answered affirmatively.

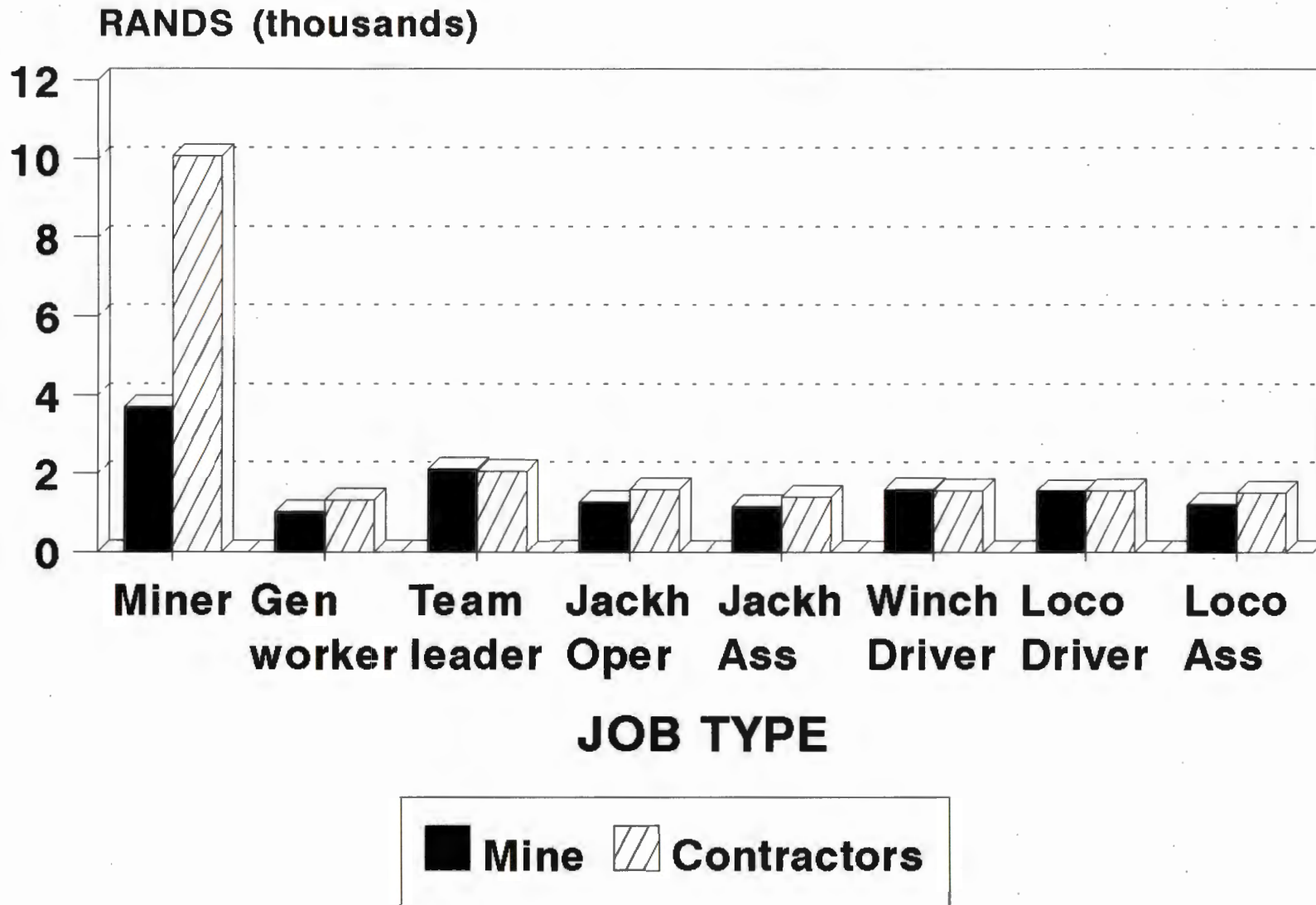
The cost per job category for both the mines and contractors is depicted in the table below for comparative purposes (see Graph 5.2).

TABLE 5.6
COMPARISON OF AVERAGE MINE RATES
TO AVERAGE CONTRACTOR RATES

JOB CATEGORY	MINES	CONTRACTORS
Miner (Stoping)	R 3 698.83	R 10 080.17
Miner (Development)	R 3 698.83	R 10 080.17
General Worker	R 1 016.50	R 1 312.87
Team Leader	R 2 102.67	R 2 069.88
Jackhammer operator	R 1 258.83	R 1 597.35
Jackhammer assistant	R 1 172.67	R 1 412.87
Winch Driver	R 1 606.50	R 1 562.35
Loco Driver	R 1 552.83	R 1 562.35
Loco Assistant	R 1 224.17	R 1 507.35

GRAPH 5.2

Pay comparison : Mine vs Contractor



Notes on Table 5.6

It is important to note that the wages of mine miners are basic rates excluding production bonus and company contributions such as pension, medical and insurance coverage. The wages charged by contractors for miners would be inclusive of items such as bonuses and allowances for medical and pension.

The other rates compare fairly well and are all of the same magnitude within the specific job category.

All of the respondents reported that their mines have new raises left to mine, which is indicative of their reserve situation and their ability to make areas accessible for future mining. Eight of these mines claimed that there were pillars left to be taken out, and these pillars represented a certain amount of the mines' declared reserves. The average percentage of ore reserves locked up in pillars on these mines is 28 percent with a standard deviation of 22.4 percent. These figures represent a large amount of future production which needs to be assessed, the reason being that it would be necessary to determine whether it is financially viable to effect access and to produce. Labour costs would invariably constitute the larger portion of such a cost estimate.

5.2.4 Criteria of awarding contracts

On the question of contract criteria, the mine managers were given a number of options to choose from regarding the method of awarding work to contractors. The results are shown in Table 5.7, along with the reaction from contractor managements when asked the same question.

TABLE 5.7
MINE AND CONTRACTOR PREFERENCE REGARDING PRODUCTION CALL

QUANTITATIVE CRITERIA	MINE, N=9	CONTRACTOR S, N=4
a) A block of in situ ore	2	1
b) A fixed amount of centares	4	2
c) A fixed amount of tons	2	2
d) A fixed amount of gold	4	1
e) A fixed amount of sweeps	2	3
f) A certain standard of sweeps	4	1

From Table 5.7, it is clear that the mines and contractors have different perceptions of how work done should be measured. For gold-mining companies the emphasis in production has changed during the late 1980's from tons produced to kilograms produced, the reason being that efficiencies were formerly measured in cost per ton mined. As from 1988 the cost per kilogram gold became the important gold-mining measure used to ascertain whether a mine is in a profit, marginal or loss situation. Sweeps is a matter of concern to each and every mine manager, and as depicted in Table 5.7, it is clear that managements regard a certain standard of sweeps as being very important. Contractors would regard an amount of sweeps as a more acceptable measure because it would not bind them to a standard, which is more difficult to obtain.

When asked how a contractor should be paid, six of nine mines voted for payment per centare or meter mined. Two of the respondents preferred to pay a contractor per kilogram gold produced. Three of the four contractors involved preferred to be paid per centare or meter mined. Only one indicated that he would want to be paid per cubic meter mined. ?

5.3 RESPONSE FROM CONTRACTORS

All four contractors who responded to the questionnaire indicated that they have considered contract stoping and developing.

When asked what mining functions they could perform, the responses were as depicted in Table 5.8 (see Graph 5.3 for Table 5.8 in graphic form).

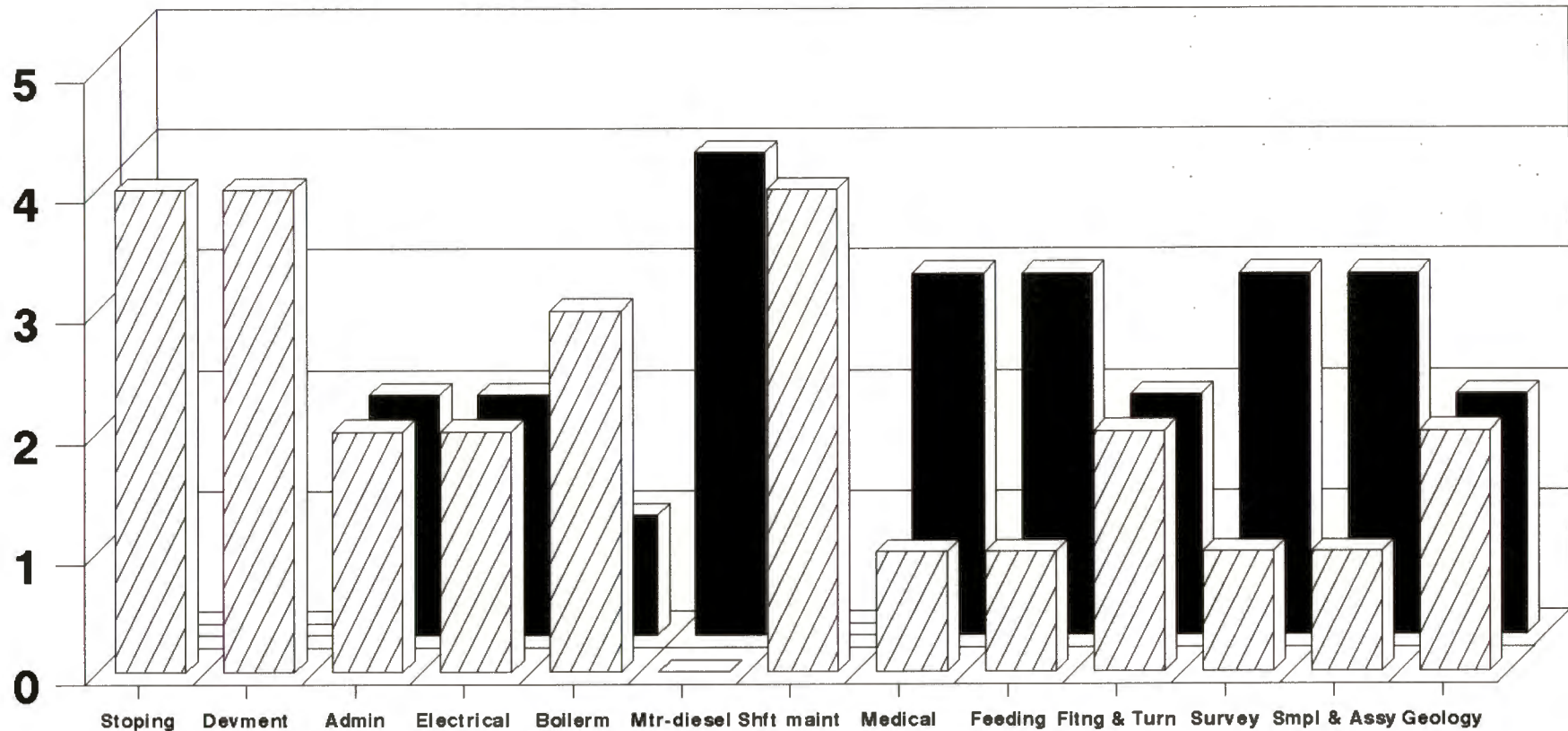
TABLE 5.8
MINING FUNCTIONS THAT CONTRACTORS CAN PERFORM (N=4)

FUNCTION	YES VOTES
Stoping	4
Development	4
Admin Tasks	2
Electrical Work	2
Boilermaking Work	3
Motor-Diesel Work	0
Shaft Maintenance	4
Medical Services	1
Feeding Services	1
Fitting & Turning Work	2
Survey Work	1
Sampling & Assay	1
Geology Work	2
Administration of Hostels & Feeding	4

From Table 5.8 it is evident where the contractors' preferences lie. Note that no-one opted for performing motor-diesel type work. The reason could be that the

GRAPH 5.3

Mining functions contractors can perform



CONTRACTOR RESPONDENTS

 YES  NO

companies are of the opinion that there are enough motor-diesel technician companies in business to ensure a proper service when required.

The contractors were asked whether, in case of the proposed system, they would be prepared to accept mine personnel, being shift bosses and up, to supervise their labour. All of them said no, which is indicative of the fact that contractors are of the opinion that they can do better should they supervise their own people. They did indicate, however, that they would accept production results as measured by mine surveyors.

When asked whether they considered themselves as being more cost effective than a mine, all of them said yes. In addition, all the respondents were of the opinion that they could compete financially with mine labour pertaining to production. They listed the reasons as being:

- Contractor motivation and culture.
- Mining personnel's ignorance regarding costs, profit and cash.
- Quicker decision-making - no red tape.
- Motivation of labour through incentives.
- Ability to be more innovative.

The culture mentioned, describes the approach in pay incentives, which is small basic and big bonus relative to the work done.

The contractors reported very limited union activity among their labourers, although they advocate freedom of association among their employees regarding unions.

The contractor respondents indicated that their firms would have no problem in obtaining the required number of people to cater for the proposed labour system. They did indicate ethnic preference, those being Mozambican and Lesotho citizens. All of the respondents indicated that their companies would be very flexible regarding the provision and removal of labour on the mines.

The average profit margin on labour as reported by the respondents is 17 percent. The average minimum profit margin that these firms need to apply to their labour to stay in business is 11 percent. The firms thus have the ability to negotiate price, and their customers do not have to accept their initial wage rates. Should the price, however, be of a magnitude close to or below the above minimum margin, the mine has to realize that their persistent pressure on price might put the contractor in a position where he cannot meet his obligations in terms of the contract. In other words, he should not be allowed to price himself out of the market.

The contractors all consider their safety standards as being very compatible with those of the gold mines. When asked whether they would consider the mines being absorbent regarding the safety aspect, all the contractors answered no. This would prove that the more reputed contractors regard safety as being as important as to the gold mines.

5.4 UNION REACTION TO THE PROPOSED DISPENSATION

Because unions had become an integrated part of the mining industry, a study of this nature would not be complete without dedicating a separate section of the dissertation to their views regarding the hypothetical labour dispensation.

As has been mentioned in chapter three, current union affairs are mainly divided into two sectors, being black and white. Union reaction to the proposed labour system will thus be discussed separately in terms of the groups concerned.

The unions which have the greatest influence amongst the workers that will be effected by the proposed labour structure are the Mine Workers Union (MWU) which mainly caters for whites, and the National Union of Mineworkers (NUM) which mainly caters for black people.

5.4.1 The reaction from the National Union of Mineworkers (NUM)

The importance of unity, within the ranks of a union, was regarded as the single most vital element for the continued existence of the Union (Depitco, 1993).

The above is the main reason why a union would oppose the proposed labour system, for it would be a threat to the union's security and power base. The NUM representative acknowledged the advantages of the proposed labour system in terms of the sustained job security it would provide for the participants. The perception does exist, however, that contractor managements exploit their workers and that these managements claim the greater part of the profits for themselves, while the workers are offered the crumbs.

When asked whether the NUM has any preference in representation, the answer was no. There was an indication, however, that the NUM would like to expand their membership to people traditionally not being members of NUM, these being:-

- Contractor labourers;
- more white people; and
- mine officials, especially white mine officials.

Mining contractor companies are regarded favourably by the NUM as employers, but the union is not particular keen on contractor activities on the mines, the reason being that the NUM regards contractor labour as a threat to the union (Depitco, 1993). There was a suggestion of contractor managements victimizing people who want to become members of the NUM. The union spokesman confirmed that the union was not in favour of more mine activities being awarded to contractors.

The NUM was reported as not having any recognition agreements with any mine contracting concern. This revelation seems rather strange, bearing in mind that all of the contractor respondents in the contractor questionnaire advocated the right of free association for their workers. The alternative may be that the contractor workers are not interested in NUM affairs, because they feel that the contracting firm is doing what is expected for their workers.

The Union regards the use of contractors as an attempt by management to bypass their obligations towards the workers. The NUM representative did,

however, mention that they would reconsider their position, should the NUM have a recognition agreement with the contractor.

The Union totally rejects the proposed labour system because of the reasons already discussed. They view the salaries paid by the contracting firms to their workers as very low. Although the NUM did not perceive the contractor personnel to be more effective than mine personnel, the spokesman did admit contractor labour to perform at lower cost than mine personnel.

When asked whether the union regarded the contractors as being a definite part of the industry, the answer was affirmative, the reason being that the NUM regard contractors as having certain skills which are not commonly found in the industry, such as shaft-sinking, raise-boring, etc.

The NUM regards current remuneration packages for workers on gold mines as being below what they should be. When asked what percentage total labour costs constitute of working costs on the gold mines, the answer was 30%. This response emphasizes the fact that workers perceive mine managements to collect enormous profit margins while the workers have to be content with a much smaller part of the returns.

The NUM representative had a positive approach to annual incremental work, as he recognised the potential of involving more people in the economic process using a system in which persons work only six to nine months in a year. Although he regarded the current standard of living in South Africa as deteriorating, he did not foresee major wage increases for mine personnel within the next five years. This realism can be indicative of the union as having a more mature approach to the realities of the current economic situation in the gold-mining industry.

5.4.2 The reaction of the Mine Workers' Union (MWU) to the proposed labour system.

The Mine Workers' Union would oppose the proposed labour system, mainly because of their vowed interests in the "Super-white union" (Smidt, 1992:32). In the said article, the spokesman, Mr Flip Buys was quoted as saying: "The basis of a super union has already been formed. The MWU has built a strong infra-structure to support a union which will cater for the interests of the whites in South Africa".

It is thus abundantly clear that the MWU would oppose any system which might threaten the unity of their members.

After repeated efforts by the researcher to reach Mr Flip Buys, the acting General Secretary of the Mine Workers' Union, a short telephonic interview was granted by another spokesman, Mr Cronje. He stated that the union's main argument against the hypotheses was that some mining contractors did not provide their employees with secure employment. People were, according to Mr Cronje, often lured to work for contractors only to find themselves without work after a couple of months, because the contractor had run into financial difficulty. He was at ease with the specialized type of work that the more reputable mining contractors performed on gold mines.

The researcher had, after several efforts to discuss the questionnaire telephonically, managed to confirm with another spokesman, a Mr Fred Bond, that the questionnaire should be faxed to the offices of the MWU. A follow-up call confirmed Mr Bond's receipt of the questionnaire with a solemn undertaking to complete the questionnaire and to return it by fax. The researcher had not yet received the return fax with the expiry of the dissertation deadline.

5.5 CONCLUSION

In general, the management of the companies were very helpful and approachable. They showed interest in the subject and could be drawn out into a lengthy discussion regarding the proposed labour structure. A lot of their views are reflected in the findings of the research, as they are the most recent source of information.



CHAPTER SIX

CONCLUSIONS

This chapter will indicate the following:

6.1 Whether the original proposed labour structure is accepted or rejected.

6.2 Whether the current labour situation should be changed or maintained.

6.3 The proposed labour dispensation.

6.4 Conclusion

6.1 THE STATUS OF THE ORIGINAL PROPOSAL

In retrospect, the question whether the original proposed labour structure is rejected or accepted, cannot be answered unilaterally, the reason being that the research conducted indicates the following:

- Mine managers confirm that contract workers are more productive and cost-effective.
- Mine managers voiced fears concerning standards, quality of work, quality of product and safety.
- Contractors are confident that they can do production work better.
- Mines are concerned about union and employee reaction.
- Managements of mines keep seeking control of service departments, should they even contemplate the proposed system.
- The reasons for not using contractors on a larger scale are not only financial.
- Mine managements are concerned about their companies' culture and the change they may have to undergo.

- Contractors have specialised skills that mine employees do not always have.
- Contractors believe their employees to be more cost and profit conscious.

The above reasons, and a host of similar others, cause the answer to the proposed labour structure to be substantially more complex than a simple yes or no. The conclusions which can be drawn from the survey conducted among the respondent mines are:-

- Mine managements believe that contractors do have scope on the mines, but not to the extent as suggested by the proposed labour structure.
- Managements have not yet developed the necessary trust in mining contractors to allow them larger production responsibilities.
- Mine managers are concerned at losing control of the production process, and rightfully so, as the current safety achievements had been brought about by years of hard work and diligence.
- Contractors are seriously regarding the production of ore as a viable environment for them in which to pursue business.
- The labour proposal, as was initially formulated, is thus rejected by mine managers, but supported by the contractors.

In hindsight, the research could definitely have yielded different attitudes and results, had the survey been aimed at marginal mines. It was possibly inadequate of the research to involve only management of the big and richer mines. The marginal mines are more involved in a struggle for survival and would attempt anything just to keep their concerns afloat. Any method of cheaper and more productive production would be attractive to the management of the poor mines. This statement is proved by the fact that some mines and mine shafts are currently totally controlled by independent operators, being:-

- Springs, Daggafontein Mines
- Hartebeesfontein Mines Ltd
- Loraine Gold Mine

???

only Province # (Duffels)
by J.I.C.

The method of payment at one of the above mines as explained by the contractor, involves a simple ratio of one rand to the contractor for every four rand earned by the mine. At one of the other mines mentioned, the cost per kilogram of gold was recorded as being R13 000.00 during October 1992. This compares extremely favourable with the average cost per kilogram gold depicted in Table 5.5.

Thus, the leaders of the gold mining industry admit to the value of mining contractors. Their increased use, however, is limited by a magnitude of both internal and external issues which are, due to their relevance, inextricably part of the culture of the industry.

6.2 THE CURRENT STATUS OF THE LABOUR SITUATION ON GOLD MINES

6.2.1 Is change necessary?

It is abundantly clear, from facts and figures quoted in Chapters Two and Three, that the gold mines cannot afford the current escalation in wages, without any substantial increase in productivity (see Graph 2.1). Different companies have employed various methods in an attempt to stem the mining costs and have more work done with fewer people. This will become even more difficult in a new South Africa with large political influences which favour worker remuneration above economic productivity. The parties involved in a new South African government of national unity have on many occasions publicly stated that a lot of attention will be given to the eradication of jobs in lieu of higher profits.

Mining companies will have to devise methods to measure the work output of the individual, in order to apportion accountability in the event of bad productivity. The large supervisor to subordinate ratio, as discussed in Paragraph 5.1.2, does not improve the situation. The envisaged flat management structures could worsen the said problem of proper supervision.

Affirmative action and flatter supervision structures are two opposing forces, and if implemented simultaneously, the one will act to the detriment of the other, the reason being that affirmative action's intent is to empower non-white persons to attain responsible and executive positions. Flatter supervision structures would increase the work load per remaining post, making it even more difficult for a marginalized person to achieve success in such a position. Should companies wish to flatten their hierarchy, they should postpone such action until affirmative action has achieved success in their supervision structure. A flat management structure reduces opportunities for a person to be trained properly, the reason being that the process of succession planning is grossly distorted as certain levels which might prove to be valuable training opportunity are being eliminated. It is therefore rather a case of changing the rules before the incumbents of affirmative action have even started their race.

Incentives, such as the discussed profit-sharing schemes, can improve the commitments of the company workforce to be more productive. This proviso will, however, not guarantee sustained productivity, the reason being that the basis of such a profit-sharing scheme is the performance of the gold price, which is often too far removed from the workers' direct environment. A more tangible incentive must be created, such as a daily or weekly measurement of output. The incumbent must be able to relate said output to his remuneration level, in order to fully comprehend the fluctuation of his income, which should be a parallel to his level of output. The above entails the measurement of piecework, which is compared to an objective.

The research of this dissertation shows that at least some, if not all, of the production capacity could be made the responsibility of mining contractors, so as to sustain a balance on a mine. The contractor personnel can act as a measure of productivity and the mining personnel can be the measure of standards and safety practice. The labour contingent should thus be a combination of mining and contractor personnel. The one will maintain standards and the other will promote productivity, in conjunction with the advantage of using temporal labour for short term tasks.

The current labour situation should therefore not be changed as drastically as proposed in the original labour proposal, but adequately to create a climate of competition.

6.2.2 Suggested improvement of the current labour systems on Gold mines

The current labour systems on gold mines do present opportunities for improvements, and the following are suggested, irrespective of whether the proposed labour dispensation is given a second thought, or totally rejected.

The very reason for contractors' high productivity is contained in their remuneration system. They pay a small basic salary and a large bonus which is derived from the production output. The workers therefore have an incentive to be more effective. The gold mines should follow suit and negotiate a similar type of remuneration system. Workers currently receive pay whether they work hard or not.

The above remuneration system is applied by all of the contracting companies researched. The reasons why gold mines do not follow suit are union resistance, ease of administration when large employee numbers are involved and an attempt to have a stable wage structure, which makes wage negotiations much easier.

The concept of profit-sharing may address the previous problem. The mines should, however, negotiate a ceiling percentage for profit-sharing to prevent the bonuses from becoming an increased burden for the mines, should the companies go through a period of sustained high income. The NUM has, in the past (Nicol, 1993:3) accused the mines of only being interested in profit-sharing schemes during bad times, and being less enthusiastic about these schemes during good times. Profit-sharing is a management tool which, if used correctly, can contribute to employee commitment regarding the prosperity of the company. It is therefore imperative for mine management to ensure that employees are aware of the purpose of such a profit sharing scheme.

bonuses are not the answer (USA, 1917)

Mines could consider the principle of an all-inclusive wage, in order to have people be less dependent on the mine infrastructure, with reference to housing, etc. Hostels will always remain a reality, but could be so on a much smaller scale. The reason could be that some employees will always prefer to live in a hostel. The majority would, however, prefer to stay in a house near their place of work. Sub-economic housing schemes can be funded by the gold mines. The houses are then sold to the employees by an affordable down payment. A future government in South Africa may consider tax concessions to companies involved in the creation of housing.

Gold mining companies with large amounts of reserves locked up in pillars should consider employing contractors to open up these areas in order to increase their ore reserves, which could have an influence on the mines' pay limit and life.

Discussions should be held with unions to explain the reasons for employing outside labour for short-term work. An agreement with a contractor firm can be entered into which provides for that firm to employ ex-retrenchees, or have them form a part of the labour to be used.

The mines should embark on literacy training programmes which would give a large number of migrants the opportunity to learn English. Such a programme can only enhance communication on the mines and have a positive effect on employee morale and attitude.

Mines should provide opportunity to downstream businesses. Should such concerns receive a steady amount of business, it could well be to the benefit of the mines in terms of price and quality, notwithstanding the fact that small business creates jobs.

Management on gold mines can establish bargaining committees on their mines, if they had not yet done so. These committees are liaison meetings to discuss issues other than wage and formal union demands and complaints, and would be

matters regarding the so-called "soft issues", such as training, perceived discriminatory practices and housing.

The gold mines should consider withdrawing from the collective negotiations being done for them by the Chamber of Mines regarding wage increases.

Each mine should perform its own wage negotiations, should this decentralization be practical, the reason being that each mine has its own unique circumstances regarding the percentage increase possible. The Chamber currently negotiates a minimum percentage increase and each individual mine adds an additional margin as they see fit. This situation firstly absolves the mine management from being involved with union matters and secondly, union members on some mines receive a higher wage increase than was negotiated for. Should the situation be as suggested, each management team would have the opportunity to perform the negotiations and get to know the regional organizers of the union much better. This can only lead to improved relations as well as more specified talks on the so called soft issues.

6.3 THE PROPOSED LABOUR DISPENSATION - ADVANTAGES AND DISADVANTAGES

An overview of the proposed labour dispensation had been given in paragraph 1.8. The basis of this research is the feasibility of contracting out all labour from miner level down to a number of outside concerns.

Such a measure may seem relatively simple, but a host of issues arise should the suggestion be evaluated. The following should be considered:

- a) Method of payment to the contractor.
- b) Medical services.
- c) Hostel services.
- d) Administration services regarding pay, pension, etc.
- e) What equipment and materials are to be supplied by either the contractor or the mine.

- f) What legal responsibility each party will adopt.
- g) The method of measurement to be used when the work done is assessed.
- h) Organized labour movements.
- i) Quality control regarding production, such as stoping width control, grade of ore mined, overbreak of development, support standards and proper stope face configurations.

The detail of how such a labour dispensation can be implemented and what practicalities are to be considered will be discussed in chapter 7.

Contractors have a wide spectrum of mining experience and knowledge as the majority of men working for them have been employed and trained on the mines (McKay, 1987:285). The essence of the proposed context is to change the attitudes of current mining employees. Workers want higher wages and are not prepared to do more work (Paragraph 2.1). Contractor employees' approaches to work differ from those employed by the mines. They are very much aware of the fact that their sustained output will ensure that the contractors will remain in business, while mine employees tend to adopt the attitude that the work never ends, so why should effort be exerted.

?

Justify

// ?

why

6.3.1 Possible advantages to the mine

- a) The mine will have a stable work force as people are moved onto and away from the mines without the trauma associated with retrenchments. The new recruits to a mine will have come from another mine and therefore training will be less concentrated than will be the case with someone who has never worked on a mine.
- b) The mine will be able to negotiate labour costs as part and parcel of a business contract. The cost of labour would therefore be in context with what the particular mine can afford. Current union negotiations take less consideration of what a mine can afford, as they are primarily concerned with the short term gain of their members.

?

// ?

- c) Retrenchments can be minimized with the proposed labour policy. Workers are moved from an area with less work to an area with more work, be it on the same mine or not. A worker has the opportunity to build a long-term relationship with one employer, instead of being retrenched by a number of mines, as he shall always be the victim of LIFO. The LIFO principle describes a process in which the persons that have the least service with the company will have to be the first to leave in case of retrenchments. LIFO in short means: Last in - First out.
- d) A mine can include a clause in the contract by means of which persons becoming undesirable on one mine be moved to another. The contractor becomes involved in disciplinary procedures and mine personnel do not spend hours on disciplinary cases as are currently the case. *Why*
- e) No mine can be absolved from hostel and feeding administration. This task can be given to a separate, or the same contractor.
- f) Contractors have to adhere to predetermined productivity goals. Their employees are very aware of the fact that their sustained income is dependent on the contractors' production performance.
- g) The mine will not have to be involved with recruiting as this task will be the responsibility of the contractor. In addition, no single organisation will control a labour monopoly that can hold the mine to ransom. *?*
- h) There will be no necessity for mines to cater for leave-reliefs and therefore employ a larger complement of workers on the mine than is needed for production. Leave reliefs will be supplied by the contractor on a rotational basis. *yet less leave per employee* *?*
- i) The labour force will be more flexible pertaining to the total complement. A worker will have the opportunity to acquire more skills and broaden his field of experience, from which the mine can only benefit. It would *?*

6.3.2 Possible disadvantages to mine

- a) The contractors can amalgamate into a consortium which can hold the mines to ransom. This is highly unlikely due to the over-supply of labour in the market. "unskilled" ✓
- b) The mines' safety records can be compromised by contractors who are more intent on profit than on upholding standards. ✓
- c) Quality of product can deteriorate should the contractor's only interest be to blast tonnage irrespective of grade. ✓
- d) Organised labour movements can totally reject such a labour policy and strike to force the mine back to current policies. ✓
- e) The possibility exists that a mine can lose some of its heritage and culture, especially the older mines. ✓
- f) Contractor personnel may misuse and damage mine equipment. ✓
- g) Contractor personnel may be guilty of theft of mine property. ✓

6.3.3 Advantages to contractors

- a) A labour system of this nature would obviously mean more business to a mining contractor.
- b) The contractors would have the opportunity to compete in a very competitive market. This would assist in remedying their current suppressed business environment (Douglas, 1993:1).
- c) The contractor companies will enlarge their market share in the mining industry with an abundance of possibilities open to them. They will also

have ample opportunity to create a free market system in which the forces of demand and supply (Paragraph 4.1) can operate without hindrance. ?

- d) The proposed labour dispensation will create an environment in which contractors can diversify their business. Those who are currently only performing shaft sinking can expand their companies to cater for the more usual mining activities.
- e) The contractor becomes a labour agent. He would be the connecting medium between buyers and sellers of mine trained labour. He will, in addition, be a trainer of new recruits entering the industry. ?

6.3.4 Disadvantages to contractors

yech, right!

- a) They will have to administer and attend to a much larger labour force than is currently the case. ✓
- b) The contractors will be involved with wage negotiations and union disputes to a much larger degree as opposed to their current situation. ✓
- c) The contractors will have to implement more disciplinary actions than currently. ✓
- d) Contractors will carry the financial risks involved with large numbers of people. It is therefore feasible for more than one contractor to get involved in a venture of this kind. ✓

6.4 CONCLUSION

Although mine management and unions do not feel comfortable with the proposed labour structure for reasons already discussed, it had become apparent that management and unions will have to make a concerted effort, in a joint forum if necessary, to address the matter of unabated wage increases with no increase in output per person.

CHAPTER SEVEN

THE IMPLEMENTATION OF THE PROPOSED LABOUR SYSTEM

This chapter consists of an overall view of how the proposed labour system can be implemented. The implications of such a labour system are discussed in an environment that contains all the main parties involved in this debate, being management, the unions and in Mining contractors.

The use of mining contractors as proposed can be implemented employing one or two scenarios, being:-

1. The handing over of an entire shaft system to the contractor; or
2. availing only a section of a shaft mining area to the contractor.

Irrespective which of the above two options is enacted, the mine should be in a position to enforce control over standards, safety, quality and general conditions of work. These standards can be enforced using the service departments as discussed in Paragraph 5.1.3. These departments have years of experience in providing information to management regarding survey, ventilation, geology, rock mechanics and sampling for quality.

Specific tasks or work done by contractors, such as raiseboring, shaft sinking, tunnel support, diamond drilling, etc are not discussed in the implementation plan as these are specialist tasks already performed for many years on the gold mines and do not form part of this research.

7.1 ENTIRE SHAFT SYSTEM TO CONTRACTORS

In this case the mining contractor would be given a shaft which the mine itself cannot run economically any more. The contractor or contractors will be responsible for manning the shaft systems as well as the pumping arrangements. All personnel involved in the production process, even up to mine overseer level, will be supplied by the contractor.

The materials and equipment would be supplied by the contractor with approval from mine management to control for compliance with law and mine standards, the reason being that the better the contractors' cost control is, the larger his profit margin. It is necessary, however, that mine management frequently visit these workings to ensure standards, safety and quality of grade being mined.

The contractor should be paid a set rate for each kilogram of gold realized from the operation or, if practical, for each ton of gold bearing ore produced. The latter usually requires stringent quality control by the mine's sampling department which places a burden on the mine to ensure that the contractor does not mine worthless tonnage. The last method of paying a contractor is thus not advised.

All other costs generated at such a shaft should be for the contractor's account, being water, electricity, transport, etc. Some mines allow contractors to requisition materials out of their mine stores, and outside orders are placed through the mine store as well. The cost control in this instance is relatively simple and all costs generated by the contractor can be given a different digit on the order or requisition forms to distinguish between contractor and mine stores. The above method of material supply to the contractor will ensure standardization of materials and equipment used on the whole mine. Contractors, however, do not always favour this type of materials supply as they believe that they can buy more cheaply elsewhere. It does have the added advantage that the contractors do not have to employ stores personnel or expedite materials and equipment ordered.

Should all the ore mined from different shafts on a mine go to a common reduction plant, the ore value from the contractor shaft can be computed by considering the area mined along with the stoping width and the assay value for that particular stopface. Samples can be taken of the ore as it is discharged at the reduction plant to verify the theoretical value. A mediation process should be built into the contract should any discrepancies arise.

The monthly planning of the areas to be mined, at such a contractor shaft, must be attended by senior officials of the mine as to ensure that gold mining practice regarding pillars and remnants are adhered to.

Any accident at the contractor's shaft will inevitably show on the mine's statistics. It will therefore be to the advantage of both management and the contractor to adhere to safety standards. The best possible way to ensure that a venture of this nature will be successful is to create a climate of mutual trust between the mine and the contractor. Both parties can benefit from a good working relationship, while the opposite can and will cause great discontent on both sides, and in such an event, will render the contract not worth the trouble, the reason being that the complexities of mining provide for vast opportunities of extortion.

7.2 PARTIAL PLACEMENT OF A SHAFT AREA OUT TO CONTRACT

The logistics involved should a shaft have to cater for both mine and contractor sections are much more complex in terms of labour and material supply. Most of the potential difficulties can be prevented by applying the following:-

- Have contractor employees distinguished from mine employees using different colour hard hats or overalls.
- Have mine employees and contractor employees start work and stop work at different times.
- Materials to go underground in different marked or coloured material cars.
- Divide the mine into different sections and different ventilation districts, and have these boundaries as the division between mine and contractor sections or between different contractor sections, should more than one be employed.
- Contractor performance, under these conditions, will inevitably have to be measured in tonnage output. An agreed system will have to be devised to the satisfaction of both the mine and the contractor pertaining to tonnage produced per day.
- The above is not necessary should an initial agreement be reached regarding a measured block of ore to be mined. The tonnage per production day will then

become irrelevant as the total tonnage from such a block will have been pre-determined.

- Ore transportation from the work places to the shaft could be done by either of the parties, and strictly as per agreed contract.
- Haulage maintenance is an area of potential conflict as it can have a devastating effect on productivity of a production stope. A clear agreement should be in the contract regarding this matter.
- The amount of water, electricity and compressed air used by the contractor should be measured, and he should pay a penalty should his usage exceed a set maximum. // ?
- The contractor is to be checked by the mine's service departments regarding quality, safety, ventilation, survey and strata control. // ?
- The contractor should be given a unique number in the stores system in order to ascertain costs of consumables generated. // ?
- Mine management is to visit contractor work places on a continual basis so as to ensure adherence to laws and standards. // ?

+ costs

7.3 PRACTICAL ASPECTS OF EMPLOYING A CONTRACTOR

The most opportune instance to apply the proposed labour system is when a block of ore has been accessed and is ready to be mined. Piecework, well defined, is the key of success when working with a contractor. The output must be susceptible to measurement.

The work should be placed out on open tender and the more reputed firms in the business should be approached. A site meeting with all interested parties must be held and the mine should ensure that the contractors know exactly what the mine wants.

When choosing a firm, the mine management must do some research into the abilities and past performance of the most likely successful incumbent. Should the cash flow and debtors of such a firm be available, the risk of unknowns is lessened.

In performing the adjudication of the tenders, it should be done according to a set procedure, the reason being that should a unsuccessful tenderer make any accusations of preferential treatment, the company will be in a favourable position to prove the contrary.

The successful company should be invited to attend the first site meeting to discuss the technicalities and formalities of the work to be performed. The following should be addressed at said meeting, of which formal minutes are to be held:-

- The price charged by the contractor. There should be no uncertainty about any aspect pertaining payments made to the contractor. He must state clearly what his rates are and what work he will deem as additional work to the original contract.
- The matter of escalation, the rates, and terms thereof, should be agreed to and minuted. The parties must agree which prices include VAT and which ones do not.
- The mine must ensure that the contractor understands the concept of additional work to the contract, and how it will be paid. The most common method of payment of additional work is done with a CVI or Contract Variation Instruction, which is a formalized legal document to which both parties have agreed. The terms of such work should be agreed on by both parties before the said additional work commences.
- The mine and the contractor must be conversant with the position of the battery limits, which is the locality to which the mine will supply services. The contractor will be responsible for distribution of such services from the battery limits as well as for the cost thereof.

- The following dates are important and should be agreed to and minuted:-
 - a) The date of the mine placing the order.
 - b) The date of contractor site establishment.
 - c) The date on which work commences.
 - d) The day of work measurement for each month.
 - e) The last day of the month for the contractor to submit his invoice(s).
 - f) The day of the month on which payment should be made to the contractor.
 - g) A day of the month on which claims should be submitted.
 - h) The completion date of the works.

- The method of payment of contractual work, is monthly and progressively. A contractor should not be paid in advance, as a dispute might arise whether the expected work was done to the expectations of the paying party.

- The mine should give the contractor a choice regarding the housing and feeding of workers. Some contractors believe that they can house and feed workers more cost-effectively than the mine. The mining company, however, may demand to set the standards of housing and food, and expect the contractor to comply.

- The contractor must produce a programme of the works before establishing site. This will avail the mine the opportunity to have everything in order which is the mine's responsibility. It will, in addition, put the mine in a position to monitor the contractor's progress (McKay, 1997:295).

7.4 MANAGEMENT'S POSITION IN THE PROPOSED LABOUR SYSTEM

The management on a mine employing production contractors will be the controllers of quality and standards. They will be less involved with the daily labour issues and will be able to put all of their time and effort into methods to curb cost and plan strategically for the future life of the mine. In the questionnaire put to mine managers during the research, all indicated that they would want to spend less of their time talking to unions.

The mine management will be in the favourable position of acquiring skills for certain work and be in a position to terminate services accordingly.

The mine management will be more involved in cost determination and control measures than in the actual mining of the ore. Mine planning must be performed by the mine in order to plan the best strategic approach so as to prolong the life of the mine.

The legal responsibilities of managing a mine will remain the duty of mine management. They will, in addition, remain responsible for lease applications to the State which permits a mine to exploit an ore reserve, and to pay the State's share of profits. The contractor will pay normal company tax on all income as is required by law.

Safety on the mines will remain the responsibility of mine management, and although the contracting out of production will provide management with much more flexibility in mining for maximum profits, the system will add to the controlling and supervision requirements of management so as to ensure that they get what they want from the contractor.

7.5 THE CONTRACTORS' POSITION IN THE PROPOSED LABOUR SYSTEM

The contractors will have, first and foremost, more business to perform. They will have added responsibilities regarding production and quality of work. The contractors will, in addition, have to contend with union negotiations and demands, the latter being an aspect with which they have had little involvement in the past. Fortunately they have mine experience regarding union relations. Mine management could act as a mediation body, should the contractors and unions not be able to reach consensus.

The contractors performing production will have to accept smaller profit margins than those they are used to earn with big capital projects, the reason being that money from working cost is not as readily available as with large capital ventures.

The firms involved in contracting will have to contend with a much larger labour force than is currently the case. The added responsibilities will be manifested in:-

- Pay administration
- Medical care
- Feeding and housing
- Leave provision
- Disciplinary cases
- Training
- Recruitment
- Pension funds
- Insurance coverage

Now what will the difference be
Contractors will become "miners"
Now, not now?

The contractors will have to drive extensive marketing programmes, as the field can become extremely competitive. New business will be essential to enable the firms to place labour elsewhere, should a mine serve notice regarding a group of workers.

7.6 THE UNION'S POSITION IN THE PROPOSED LABOUR SYSTEM

The unions are the parties who will have the least to gain in the proposed labour system. The said system will, initially, erode their power base. They will be put in a position whereby they will have to re-negotiate recognition agreements with other companies.

11/13

The unions will lose the advantage of negotiating with a known and tested adversary. They will need more shaft and union stewards, as the companies employing the labour will be smaller, but more per mine. Eventually, the unions will come into a position of centralized negotiations with a contractor whose employees work on a number of different mines.

Each mine, however, will have its unique ability to foot wage bills. Therefore, centralized negotiations will have to consider each mine's circumstances.

Union negotiations with mining companies will, however, not cease, as the people remaining in the mines' employment will want to be represented. Unions will, thus, experience an added work-load. ?

The possibility does prevail that if employees are more involved in profit participation, as is the case with contractor employees, their interest and need for union representation might diminish. This phenomenon may erode the union power base even more, not only in active support, but in union fees as well.

7.7 CONCLUSION - A BLACK MAJORITY RULE'S ATTITUDE TO THE PROPOSED LABOUR SYSTEM

A black majority government may initially not support the proposed labour system. It might, however, become more apparent, as time progresses, that the new government does not need the support of a movement like COSATU any more. This change of circumstances remains open to speculation, but should it transpire, the people will support a government whom creates, or promotes, the creation of jobs. The proposed labour system would fluidize the labour market, as an aggressive drive will arise among the contractor companies to find work, as their sustained existence will depend on new work.

Should the above situation transpire, a new government would probably support the proposed labour system, once it proves to provide increased job opportunities.

The net result would be that gold mines would be put in a position where they can negotiate labour costs within their ability to pay, and not be kept to ransom by an organization that controls the labour monopoly. ?

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SECTION NINE

AFRIKAANSE SAMEVATTING

9.1 TITEL

Die vervanging van werknemers met kontrakteurarbeid in die Suid-Afrikaanse goudmyne.

9.2 UITEENSETTING VAN PROBLEEMSTELLING EN DOEL

- Die navorsingsmetodiek omvat die aanwending van vraelyste wat uitgestuur is aan die bestuurders van teiken goudmyne en die besturende direkteure van mynbou kontrakteursmaatskappye. Onderhoude is ook gevoer met senior lede van die National Union of Mineworkers (NUM) en die Mynwerkers Unie (MWU) om die unies se houdings teenoor en persepsies van kontrakteur verbruik op goudmyne te verkry.
- Die doel van die navorsing is om te bepaal of mynboukontraakteursarbeid in 'n groter mate aangewend kan word op goudmyne in Suid-Afrika. Die rede vir so 'n stap is om mynbesture die vermoë te gee om die knellende ekonomiese greep van arbeid beter te kan manipuleer na gelang van die maatskappy se direkte mannekrag-behoefte. Arbeid omvat ongeveer sestig persent van huidige werksonkoste op die goudmyne en daar is weinig buigsaamheid in die grootte van die arbeidsmag behalwe deur middel van afbetalings. Sodanige afbetalings het weer probleme met die geassosieerde vakbond tot gevolg.

9.3 HUIDIGE SITUASIE

Tans word die oorgrote meerderheid arbeid op die goudmyne gewerf deur TEBA (The Employment Bureau of Africa) en deur die myne opgelei en aangestel as permanente werkers. Die enigste wyse waarop 'n werksmag verklein kan word is d.m.v afbetalings, bedankings en aftrede. Hierdie is gewoonlik baie duur prosesse wat gepaardgaan met ernstige sosiale en finansiële probleme vir die werknemers. Die vermoë van 'n myn om

die werksmag aan te pas is dus geweldig beperk, aangesien nuwe werknemers eers opleiding moet ondergaan voordat hulle sinvol aangewend kan word, en getalvermindering nie sonder meer geïmplementeer kan word nie.

9.4 VOORGESTELDE SITUASIE

Daar word voorgestel dat alle werknemers, tot en met mynersvlak op goudmyne, vervang word met mynboukontrakteurarbeid. Sodanige mannekragbehoefte kan voorsien word deur een of meer mynboukontrakteurs wat alle opleidings- en administratiewe funksies vir sodanige werknemers sal beheer en uitvoer.

Die myn sal dus produksie as stukwerk op tender uitplaas waarby die beste tenderaars die werkstoekenning sal ontvang. Die pligte van so 'n kontrakteur sal die veilige en doeltreffende produksie van gouderts vanaf 'n bepaalde en ooreengekome gebied teen 'n voorafgestelde produksietempo en 'n bepaalde prys behels. Hierdie prys sal aanvaarbaar wees vir beide die kontrakteur ten opsigte van sy winsmarge en vir die myn ten opsigte van produksiekostes.

Die myn se amptenary sal deurgaans toesighou oor die produksieproses in alle fasette, om sodoende steeds aan die Mineralewet N° 50 van 1991 se vereistes te voldoen. Die voordeel van so 'n arbeidsituasie is dat die myne 'n hoër produktiwiteit in die werksuitlet sal verkry aangesien kontrakteurs se salaris- en bonusbeleid produktiwiteit en kwaliteit direk aanspreek. Die myn sal dus dieselfde salarisuitgawe aangaan met 'n hoër uitlet.

9.5 GEVOLGTREKKINGS

Die gevolgtrekking wat voortspruit uit die navorsing dui daarop dat mynbestuur glo dat daar wel ruimte is vir die gebruik vir mynboukontrakteurs in die produksiesituasie, maar nie op die skaal voorgestel deur die oorspronklike arbeidstelsel nie.

Mynbestuur het nog nie die vertroue in mynboukontrakteurs ontwikkel wat in 'n produksiesituasie vereis word nie. Bestuur is bekommerd dat hulle beheer oor die

produksieproses sal verbeur, indien groter produksieverantwoordelikhede oorgedra word aan kontrakteurs.

Mynkontrakteurs beskou die produksieproses al meer as 'n doenlike omgewing waarin hulle wil betrokke raak.

Die oorspronklike hipotese word dus verwerp deur mynbesture, maar word ondersteun deur die kontrakteursfirmas ter sprake.

In retrospek sou die navorsing heelwaarskynlik ander, meer positiewe resultate gelewer het indien die ondersoek geloods was met die meer marginale myne as teikengroep. Hierdie tipe myne se stryd op oorlewing sal hulle meer vatbaar maak vir die voorgestelde arbeidstelsel soos oorspronklik geformuleer.

9.6 AANBEVELINGS

Dit blyk baie duidelik uit die navorsing dat goudmyne nie sal kan voortgaan met verhogings in salarisse en geen verhoging in produktiwiteit nie.

Die mynboumaatskappye sal metodes moet ontwikkel om die uitset van die individu doelmatig te meet sodat effektiwiteit aangespreek kan word. Die groot toesighouer tot werknemer verhouding of werknemershouding sal aangespreek moet word.

Werksmotivering kan moontlik bevorder word deur middel van die winsdeling inisiatiewe wat deur sekere myne gevolg word.

Die navorsing dui daarop dat 'n sekere deel van die produksie van goudmyne aan mynboukontrakteurs uitgegee moet word om sodoende 'n klimaat van mededinging en vergelyking daar te stel. Die kontrakteurpersoneel kan optree as die maatstaf vir produktiwiteit, terwyl die mynpersoneel die standaard van werk kan bepaal.

Die huidige arbeidsamestelling moet dus verander word, dog nie so drasties soos voorgestel in die oorspronklike voorstel nie.

QUESTIONNAIRE FOR MINE MANAGERS

This questionnaire serves as input information for a masters dissertation which investigates the viability to replace mining labour with contract labour.

The term : Contractor or Contract, will refer to outside contractors through-out this questionnaire.

COMPILER : **J DU PLESSIS**

ADDRESS : **P O BOX 1
HOTAZEL
8490**

TELEPHONE N° : **(05374) 518** **(HOME)**
(05375) 226/327/344 **(WORK)**

FAX N° : **(05375) 552**

1. Company Name

2. Type of mine

Tons milled/month

3. Number of people employed?

4. Number of persons shiftboss level and up?

5. Number of N.U.M employees?

6. Ethnic grouping of employees

7. Are the unions very active on this mine?

YES
NO

8. Have the union caused any production delays during the past three years?

YES
NO

9. If YES, for how many production days?

--

10. How many contract employees are on this mine?

--

11. Do you have any organised action from contract employees?

YES
NO

12. What is this company's attitude towards contract employees?

FAVOURABLE
NOT FAVOURABLE

13. Are contract employees more expensive than mine employees?

YES
NO

14. If YES, what percentage more expensive?

--

15. Do you have a preference for any particular ethnic group?

YES
NO

If so, which group?

--

16. What would your reaction be to the idea of putting all of your stoping and development out to contract? (miner level and down)

IN FAVOUR
NOT IN FAVOUR

17. What is (a) your current cost/ton mined?

--

and (b) your current cost/kg gold produced?

--

18. What is your current cost/union employee? (TOTAL/month)

--

19. What is your current ton/union employee/month?

--

20. What is your current ton/official/month?

--

21. What is your current cost (avg)/contract employee/month?

--

22. What service departments will you close should all your miner and below employees be contractors?

Training Center	YES	NO
Hostel	YES	NO
Clinic	YES	NO
Other		

23. Who does the hostel catering?

MINE
SELVES

24. Do you foresee supervision problems with contractors doing stoping or development?

YES
NO

25. If YES, what problems?

26. Do you foresee resistance from the unions with the contract idea?

YES

NO

27. Do you think contractor companies will be able to run and administrate a full stoping or development crew i.e. training, medical, feed, payroll, heat tolerance, pensions, etc.?

YES
NO

28. Would the mine be interested to provide some of the abovementioned amenities to the contractor at a price?

YES
NO

29. How would you award such a contract?

- (a) A block of ground
- (b) A fixed amount of centares
- (c) A fixed amount of tons
- (d) A fixed amount of gold
- (e) A fixed amount of sweeps
- (f) A certain standard of sweeps

(TICK)

30. With regard to mining equipment, explosives, timber, other support, consumables, drillsteel etc. would you want the mine to supply, or the contractor?

CONTRACTOR
MINE

31. If contracting, would you, in addition, see engineering personnel to be contracted out, or only production staff?

ENGINEERING STAFF
PRODUCTION STAFF ALONE

32. Do you foresee such a changed dispensation to have any effect on your stores content?

YES
NO

33. Do you foresee any compromise in your safety statistics, should you contract stoping and development out?

YES
NO

34. How do you regard your current labour cost per ca or per m?

- (a) You can improve
- (b) You cannot improve

35. Would you regard your own labour to consume less material and goods than a contractor?

YES
NO

36. How would your supervisors - shift bosses to section manager level, approach contract labour?

POSITIVE
NEUTRAL
NEGATIVE

37. Do you see contracting as a viable labour alternative?

YES
NO

38. Do you regard contract personnel as well trained?

YES
NO

39. Do you regard contractor personnel as safe operators?

YES
NO

40. Would your regard contractor personnel to be more productive than mine personnel?

YES
NO

41. Please provide an average cost/employee (in terms of value/month) for the positions shown below.

- (a) Miner
- (b) Artisan
- (c) Team Leader
- (d) Machine Operator
- (e) Machine Assistant
- (f) Winch Driver
- (g) Loco Driver
- (h) Loco Guard
- (i) General Worker
- (j) Artisan Aide

42. What percentage of your production cost would be labour costs?

--

43. How would you want to pay a contractor for their employees - per centare or meter mined, or using another criteria?

--

44. Should you consider such a replacement dispensation, would you include labour of service departments as well?

YES
NO

45. If YES, which departments?

- Survey
- Geology
- Rock mechanics
- Engineering
- Technical services
- Salvage
- Drill-steel sharpening
- Hydraulic jack repair
- Reduction plant
- Loss control
- Training
- Manpower

46. Does this mine have new raises left to mine?

YES
NO

47. Does this mine have pillars that remains to be mined out?

YES
NO

48. What percentage of the ore reserves consists of pillars?

--

49. What advantages can you think of if such a labour dispensation is used?

50. Would there be any disadvantages that you can think of if such a labour dispensation is used?

51. To what extent does this mine apply trackless mining as a percentage of total production?

NIL
20%
40%
60%
80%
100%

52. How many holes does a stope machine operator drill/shift on average?

--

53. Do you require stoping or developing labourers to do more than one type of job, i.e drilling and charging up?

YES
NO

54. How much of your time would you like to spend on union matters?

10%
20%
30%
40%
50%

55. Do you have any other comments on the subject?

THANK YOU FOR YOUR TIME AND PATIENCE

JDUP\cr
WP\DUPLSSI\PRIVATE\C-QUEST

QUESTIONNAIRE FOR CONTRACTORS

This questionnaire serves as input information for a masters dissertation which investigates the viability to replace mining labour with contract labour.

The term : Contractor or Contract, will refer to outside contractors through-out this questionnaire.

COMPILER : J DU PLESSIS

ADDRESS : P O BOX 1
HOTAZEL
8490

TELEPHONE N° : (05374) 518 (HOME)
(05375) 226/327/344 (WORK)

FAX N° : (05375) 552

5. How would you like to tender for stoping?

- (a) Per Ca
- (b) Per Ton
- (c) Per kilogram gold
- (d) Per block of ground

6. Will you accept mine supervision - shiftbosses and up?

YES
NO

7. Will you accept the authority of mine service departments - (survey, geology etc)?

YES
NO

8. Do you think you can compete financially with mine labour?

YES
NO

9. Do you see yourselves as being more cost effective than a mine, pertaining use of production materials and labour?

YES
NO

10. If yes, on what grounds?

11. What cost would your charge to let the following for stoping?

Miner	
Team Leader	
Jackhammer Operator	
Jackhammer Assistant	
General Worker	
Winch Driver	
Loco Driver	
Loco Guard	

12. The same as above for developing:

Miner	
Team Leader	
Jackhammer Operator	
Jackhammer Assistant	
General Worker	
Winch Driver	
Loco Driver	
Loco Guard	

13. Would you prefer to be paid per ca or m mined or a fixed amount per contract employee per month?

--

14. Do you recognise organised unions on your mine?

YES
NO

15. Would you prefer the mine to render medical services or would you rather supply yourselves?

MINE
SELVES

16. Will you be prepared to administer the hostels and the feeding?

YES
NO

17. Would you be able to obtain the labour complement needed for a stoping or development contract?

YES
NO

18. How flexible will your company be in providing and removing labour from the mines?

--

19. Where would the bulk of your labour come from?

--

20. Do you have any ethnic preference to labour?

YES
NO

21. If yes, what group?

--

22. Would you want the mine to supply explosives, timber, consumables, other support, etc or would you want to supply the above yourselves?

MINE
SELVES

23. In forming your price, would you take into consideration that the mine provides air, water and electricity?

YES
NO

24. What is your profit margin on labour, as a percentage?

--

25. With what minimum margin can you stay in business? (As a percentage)

--

26. Do you have organised labour movements in your company? (Active unions)

YES
NO

27. How do you compare your safety standards with that of the gold mines?

GOOD
FAIR
BAD

28. Do you think that gold-mining companies are going overboard with their safety campaigns?

YES
NO

QUESTIONNAIRE FOR UNIONS

This questionnaire serves as input information for a masters dissertation which investigates the viability to replace mining labour with contract labour.

The term : Contractor or Contract, will refer to outside contractors through-out this questionnaire.

COMPILER : **J DU PLESSIS**

ADDRESS : **P O BOX 1**
HOTAZEL
8490

TELEPHONE N° : **(05374) 518** **(HOME)**
(05375) 226/327/344 **(WORK)**

FAX N° : **(05375) 552**

1. Union name

--

2. Preference of groups represented

--

3. Would you want to represent more groups than those currently represented?

YES
NO

4. If so, what other groups?

--

5. Do you view mine contractors favourably as possible employers?

YES
NO

6. Are you in favour of contractors working on mines?

YES
NO

7. Would you want contract employees as members of your union?

YES
NO

8. Do you regard mine contractors as a threat to your union?

YES
NO

9. Would you be in favour of more mine activities being awarded to contractors?

YES
NO

10. Do you have any recognition agreements with any mine contractor?

YES
NO

11. If so, what contractors?

--

12. Do you regard the use of mine contractors as an attempt by management to bypass their obligation to unions?

YES
NO
NOT SURE

13. Would you remain opposed, if so, to mine contractors doing work in mines, should you have a recognition agreement with said contractors?

YES
NO

14. How would you regard all productions work on mines be done by contractors? (miner level and down).

IN FAVOUR
NOT IN FAVOUR

15. How would you regard the salaries paid by mine contractors?

LOW
HIGH
REASONABLE

16. Do you believe that mine contractor personnel are more effective than mine personnel?

YES
NO

17. Would you think that mine contractors can perform work at a lower cost than mine personnel?

YES
NO

18. Do you regard mine contractors as being a definite part of the mining industry, and are here to stay?

YES
NO

19. Do you think that contractors are in a better position to perform specialist work than mine personnel? (i.e shaft sinking)

YES
NO

20. How do you regard the current remuneration on the gold mines?

GOOD
BAD
REASONABLE

21. What percentage of total cost do you think labour contributes to on gold mines?

--

22. Would you regard incremental annual work (working six or nine months out of each year) as a viable option to unemployment in South Africa?

YES
NO

23. How do you regard the current standard of living in South Africa for the man in the street?

IMPROVING
DETERIORATE
STABLE

24. Do you foresee any major wage increase for mine personnel in the next 5 years?

YES
NO

25. If yes to (24), what percentage and when?

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