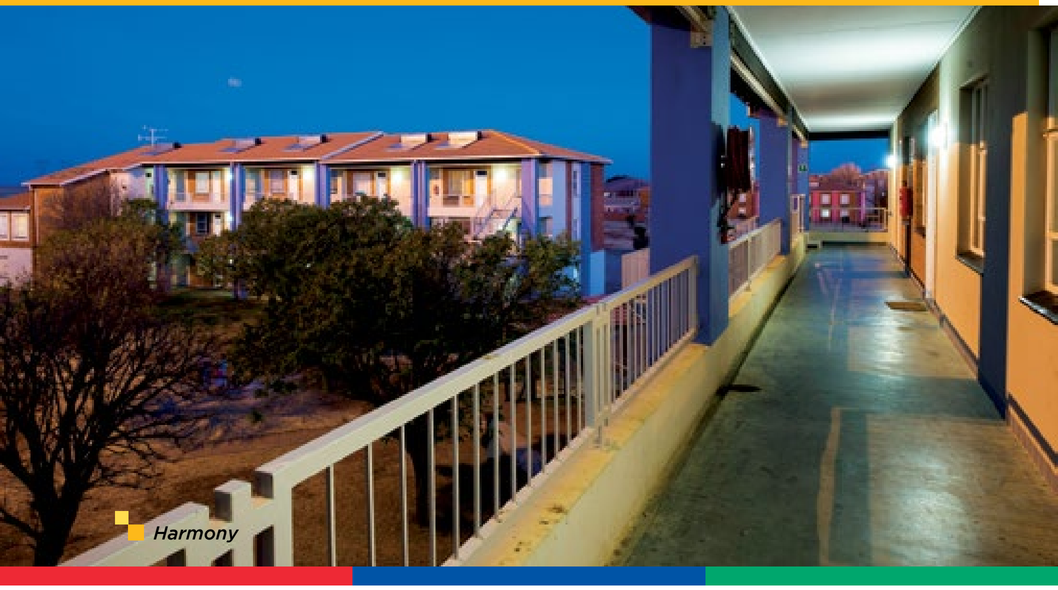
HOUSING AND ACCOMMODATION IN THE SOUTH AFRICAN MINING INDUSTRY

Fact sheet

MINERALS COUNCIL
SOUTH AFRICA

Formerly the Chamber of Mines of South Africa



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CONTEXT

The mining industry has recognised the critical need to address the living conditions of its employees and has worked to upgrade the accommodation provided to its workers, even before the Mining Charter came into being.

As the mining sector seeks to provide a more stable housing environment for those living on mine property or in adjacent communities, it has to be cautious not to cause economic fallout in the historic labour-sending areas. It is the mining industry's view that the benefits of a better housed workforce include greater labour stability and improved productivity.

MINING CHARTER AND HOUSING

The Mining Charter requires that mining companies "establish measures for improving the standard of housing, including the upgrading of hostels, conversion of hostels to family units and the promotion of home-ownership options for mine employees". The Mining Charter also requires that all mining companies and their operations submit social and labour plans (SLPs), which detail how they plan to achieve compliance with the Mining Charter, as a prerequisite for granting mining rights. Progress reports against these are made to the Department of Mineral Resources on an annual basis.

When the Mining Charter was reviewed in 2009/10, the new version set more specific targets. It stated that mining companies must implement measures to improve the standards of housing and living conditions for mineworkers as follows:

- Convert or upgrade hostels into family units by the end of 2014
- Attain the occupancy rate of one person per room by the end of 2014
- Facilitate home-ownership options for all mine employees in consultation with organised labour by the end of 2014

QUICK FACTS

Impala Platinum has converted 5,375 single occupancy rooms and built **3,367 housing units**

AngloGold Ashanti spent **R349 million upgrading and converting hostels and residences** between 2009 and 2016

Sibanye-Stillwater has since 2015 spent **R430 million** in single accommodation upgrades across all operations

2,841 Lonmin employees live in converted hostel apartments, including 927 single and 1,914 family units

Sasol spent more than **R23.1 million** on upgrading and converting hostels and residences between 2009 and 2016

Harmony has converted **7,400** single rooms, made **1,800** family units available and built a further **952** community residential units

Exxaro spent **R590 million** building 740 units as part of the Lephalale Housing Project

Northam Platinum has built **876 housing units and sold 368**

The industry has largely met these targets. In the Minerals Council South Africa (Minerals Council) assessment of these targets, it stated that the industry had achieved 73% and 63.4% for the first two targets. In respect of the third target, the industry has focused on promoting home ownership, rental options and integrating mining communities into local structures.

UNINTENDED CONSEQUENCES OF LIVING OUT ALLOWANCE

Prior to the advent of the Mining Charter, the mining industry had agreed to a demand by the National Union of Mineworkers to provide a living out allowance (LOA) to hostel dwellers who opted to seek accommodation off mine property. The purpose of the LOA is to give employees an additional choice of residence with the LOA intended to be used to support rental payment and board. The amount of the allowance (a minimum of R2,000 since September 2014) was directly related to hostel board and lodging costs, and intended to support an equivalent standard of food and accommodation. The LOA has increased annually, often ahead of inflation, since it first came into effect.

Unfortunately the LOA has given rise to unintended social issues. One of the critical social issues is that the LOA has not necessarily been used for its intended purposes. Instead the funds are used to supplement the money sent by employees to their families in their rural homes or used for other spending and debt. It has been suggested that a stakeholder review of the LOA and its unintended negative consequences is essential.

Rapid growth in the South African platinum mining industry from the mid-1990s until 2008 resulted in the development of sizeable, impoverished informal settlements close to the platinum mines. There are fewer hostels and the majority of employees receive LOAs. This was a focus of instability and unrest during the 2014 platinum industry strikes. In the gold sector some 50-60% of employees have voluntarily elected to remain in company hostel accommodation and, as a result, there have been fewer sizeable informal settlements close to the mines.

PROACTIVELY ADDRESSING HOUSING AND ACCOMMODATION

The South African mining industry has made significant inroads in upgrading hostels and converting them to single accommodation units. Extensive new housing programmes have delivered houses to a number of employees and policies aimed at facilitating the ownership of affordable homes by employees are well advanced. Programmes in place to deliver these commitments vary across the industry – often on a mine-by-mine basis – as the age and location of the operation, the make-up of the workforce, affordability and the profitability of the mine all play a role.

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Royal Bafokeng Platinum

MINERALS COUNCIL'S FOCUS

FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP)

The FLISP is meant to assist employees with subsidies, which would reduce the lenders' exposure and risk, and thus facilitate easy access to finance. The Minerals Council has engaged extensively with the National Housing Finance Corporation (NHFC) to address issues and bottlenecks related to the implementation of FLISP. The intention is to assist in unlocking some of the funding challenges that impede home ownership.

ACCESS TO FINANCE

Engagement between the Public Investment Corporation (PIC) and the Minerals Council is underway to explore the possibility of collaboration in the development of financing solutions for housing and accommodation, for rental stock and housing units in mining areas. To this end, the Minerals Council has also facilitated interactions between the PIC and some member companies to seek tailor-made solutions to the problem of access to finance.

AVAILABILITY OF LAND

Mining companies have addressed this challenge in various ways. These include companies buying land from the municipalities or donating their own land. Some of the companies have contributed funds for infrastructure and services to be put up on such land.

EMPLOYEE PREFERENCES

Although companies are focusing on promoting home ownership and encouraging employees to buy their own houses, results of surveys conducted by some of our members show that some employees prefer to rent rather than buy property in the vicinity of the mine. Companies are rolling out programmes to educate employees about the benefits of home ownership.

"Extensive new housing programmes have delivered houses to a number of employees."

INFRASTRUCTURE AND BULK SERVICES

The provision of decent, affordable housing and accommodation in the mining industry will remain a challenge, given the age and life expectancy of mines and that many mines are marginal in South Africa. But this is a challenge not only for the mining industry – there has been rapid urbanisation into regions where employment opportunities have declined due to the shrinking sectors. This is further exacerbated in mining areas, which attract thousands of people in search of jobs, thereby placing even more pressure on housing and infrastructure.

As such, the Minerals Council and the Development Bank of Southern Africa (DBSA) engaged in early 2014 on the possibility of a partnership to assist municipalities with resources and capacity. This would unlock the major blockages around infrastructure and the provision of bulk services. The parties have reached an agreement to pilot three out of the 15 municipalities identified in the Special Presidential Package for the Revitalisation of Distressed Mining Communities. This paved the way for collaboration between the DBSA and specific mining operations in some of the towns.

Northam Platinum

MIGRANT LABOUR AND HOUSING

Research and experience within the industry has shown that many migrant employees do not wish to move to mining towns on a permanent basis, preferring to maintain and return to their homes in rural areas. Providing permanent urban dwellings as well as urban home ownership is therefore not necessarily the solution to migrant labour issues. It's well known that migrant labour can result in the separation of families, often for extended periods of time, which in turn can lead to social issues such as the establishment of dual families – one near the place of work and one in the labour-sending area.

In order to address these concerns, the mining industry is exploring alternatives to current labour and work practices, which would enable employees to return home and spend time with their families more frequently and for longer periods. Key to this solution is exploring alternative shift arrangements and different shift cycles.

AngloGold Ashanti

"The provision of decent and affordable housing and accommodation in the mining industry will remain a challenge."

CONTACT DETAILS

MINERALS COUNCIL SOUTH AFRICA

T +27 11 498 7100
E info@mincosa.org.za

MEDIA

T +27 11 880 3924
E mincosa@rasc.co.za

@Mine_RSA

www.facebook.com/Mine

5 Hollard Street, Johannesburg 2001
PO Box 61809, Marshalltown 2107

www.mineralscouncil.org.za