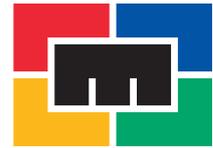


SECONDARY STRIKES CALLED BY AMCU

Frequently Asked Questions



MINERALS COUNCIL
SOUTH AFRICA

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The mining industry has the potential to be a key driver of the economy and change. It is unfathomable that AMCU would willingly call for secondary strikes in an industry that is already in jeopardy. This would undermine employment and the livelihoods of millions of dependants. Employees and their families, and indeed the country as a whole, stand to lose so much should the secondary strikes occur.



Question 1

WHICH COMPANIES WILL BE AFFECTED BY THE SECONDARY STRIKE AND HOW LONG WILL IT LAST?



A number of member companies have received notices of secondary strike action, with effect from the night shift of 28 February to 7 March 2019.

To date, we are aware of the following (for all or some of their operations):

1. Impala Platinum
2. AngloGold Ashanti
3. Harmony
4. Anglo American Platinum
5. Lonmin
6. Village Main Reef
7. Sibanye-Stillwater platinum operations
8. Northam (Booysendal)
9. Glencore Alloys
10. Tshipi é Ntle Manganese Mining
11. Tharisa Minerals

Four companies (African Rainbow Minerals, DRDGOOLD, Fraser Alexander, Kumba Iron Ore and Impala Platinum's Springs Refinery) received strike notices but this was subsequently withdrawn on the basis of AMCU having received legal advice.

It is the industry's intention to avert strike action.



Question 2

CAN AMCU REALLY TAKE ITS MEMBERS OUT ON A SECONDARY STRIKE AT MINING OPERATIONS IN THE REST OF THE MINING INDUSTRY?



The Labour Relations Act 66 of 1995 permits secondary strikes but, in common with all forms of industrial action, the exercise of the right is not unlimited. The formulation of section 66(2) of the Act is such that participation in secondary strikes is prohibited unless all three conditions are met:

- The primary strike must be protected
- Seven days' notice must have been given to the secondary employer; and
- Thirdly, the nature and extent of the secondary strike must be reasonable in relation to the possible direct or indirect effect that the secondary strike may have on the business of the primary employer.

The third condition involves a two-fold test. Firstly, the requirement of reasonableness and secondly, the requirement of some direct or indirect effect on the business of the primary employer.

The act makes provision for a secondary strike where there is connection between the primary employer and the secondary employer. The strike action at the secondary employer must have a direct or indirect impact on the business of the primary employer.

While AMCU can call a sympathy strike at other companies where it has members, the requirements outlined above must be adhered to in order for such a strike to be protected. Companies where a secondary strike has been called can interdict such strike action on the basis of non-compliance with the provisions outlined above.



Question 3

WHAT WOULD BE THE IMPACT OF A SECONDARY STRIKE ON THE MINING SECTOR?



It is the industry's intention to avert strike action.

The impact of a secondary strike on the mining industry will be significant with total losses incurred by the companies that have been served with secondary strike notices potentially amounting to around:

- R789 million in revenue per day
- employees stand to lose R300 million in earnings per day
- losses in terms of royalties would amount to around R8 million per day
- losses in terms of taxes would amount to R14 million per day

In the gold industry, where on an all-in-cost basis at prevailing prices 71% of gold mining operations were either marginal or loss-making in 2018, production losses could amount to 379kg in production per day amounting to revenue losses of around R201 million per day.

In the platinum industry, where more than 50% of PGM production was unsustainable in 2018, production losses could amount to 1,306kg in production per day amounting to revenue losses of around R555 million per day.

The impact on employees would also be severe where employees in the gold sector stand to lose around R76 million in earnings per day while employees in the platinum industry stand to lose R220 million in earnings per day. These losses will never be recovered and will have a real and negative impact on the lives of employees, their families and communities.



Question 4

WHAT IMPACT COULD THIS STRIKE HAVE ON JOBS?



Many companies have already been forced to restructure and are working very hard to secure existing jobs.

Secondary strike action would only serve to undermine these efforts and will exacerbate the situation even further.

While production will decline, mining companies will continue to incur costs - reducing the profitability of mines and ultimately impacting on their sustainability, particularly those that are marginal or loss-making. Only by ensuring that mining operations are sustainable can employment at these operations be sustained.