IMPROVING WORKERS’ LIVING CONDITIONS IN SOUTH AFRICA’S GOLD MINING INDUSTRY

RECENT DEVELOPMENTS

Signal and unequivocal acknowledgement by business, government and organised labour that living conditions of many mine workers are not optimal, and that housing and community development remain a key concern, is contained in the Preamble to the Framework Agreement for a Sustainable Mining Industry (Framework Agreement), drafted at the initiative of Deputy President Kgalema Motlanthe and signed by all participants except the Association of Mineworkers and Construction Union (Amcu) on 3 July, 2013.

The Mining Charter’s commitment to single accommodation for all hostel residents by 2014 is further evidence of this.

Relevant within the Framework Agreement, in respect of housing and community development are:

- A commitment to guiding principles that include the following: “Transformation of the industry has to ensure that ordinary workers see real change in their career prospects, their working conditions and their communities”;

- A commitment by business to “assist with resources and technical support for upgrading human settlements around mining towns within the context of regulatory requirements and additional voluntary commitments”.

- A roadmap for future work that states: “A number of issues that have been of concern to workers, employers and government cannot be resolved overnight and require in-depth discussion among parties” but continues: “Over and above existing agreements and commitments, the parties agree to address the following:

- Accelerating the implementation of human settlement interventions
eight mining areas have been identified for intervention and further categorised into those requiring immediate and urgent intervention…. Partnerships between government and business have already been identified in prioritised areas.

Possible short-term and medium-term sector measures:

- government will undertake an assessment of economic and social conditions in surrounding and labour-sending areas.

Possible long-term sector measures to support growth and stability.

- improvement of socio-economic conditions in labour-sending areas.

A HISTORY OF REGULATED RACIAL DISCRIMINATION

A panoply of racially discriminatory laws – the most draconian of which, the pass laws and the Group Areas Act – substantially determined how mining companies accommodated their workers for almost a century, until the 1980s.

In broad terms, white workers were deemed to be “permanent” and for many decades enjoyed a generally high standard of subsidised, rented single and family accommodation provided by mining companies, close to their operations.

Black workers, both from within South Africa and from neighbouring countries, were deemed to be “temporary sojourners”. Recruited in terms of what become known as the migrant labour system, these mine workers were not allowed to live permanently, with their families, at or even close to their places of work. Typically, they were accommodated in single-sex hostels, usually owned and operated by the mining companies, which were generally characterised by high room/dormitory densities and basic living conditions.

FORCES FOR CHANGE

While single-sex hostel accommodation for black migrant workers was very much the norm among mining companies for decades, standards varied somewhat according to the resources of individual mining companies. Certainly, by the early 1980s, larger mining companies were building new hostels with better facilities, usually as part of new mining projects.

From its formation in 1982, the National Union of Mineworkers (NUM) – representative of unskilled and semi-skilled black mine workers – became a significant force for change in the way black mine workers were accommodated, both through the collective bargaining process with employers and its active and very vocal opposition to the apartheid regime.

The NUM vilified the migrant labour system which forced black mine workers to live away from their families in single-sex hostels for months at a time, was highly critical of living conditions in single-sex hostels, and lobbied aggressively for black mine workers to have greater freedom of choice in terms of how they chose to live at or close to their places of work.

The advent of democracy in South Africa in 1994 gave fresh impetus to moves to improve living conditions for mine workers. Out of the collective bargaining process, as a response to union demands that mine workers be given greater freedom of choice in respect of accommodation, mining companies began paying living out allowances.

Then, in 2002, the Mineral and Petroleum Resources Development Act (MPRDA) and the South African Mining Charter focused on the accommodation issue. The reviewed 2010 charter laid down guidelines, going so far as to specify targets for the reduction of hostel occupancy to one person per room; conversion of hostels to family units; and home ownership schemes.

LIVING OUT ALLOWANCE

While laudable in principle, and a popular choice among mine workers, the living out allowance has had a number of undesirable consequences over the years. These include:

- a serious drop in mine workers’ living standards as many chose to spend as little on accommodation off-mine as possible in order to have more disposable income for other needs;
- proliferation of informal settlements in mining regions due to a shortage of affordable accommodation to rent;
- poor living conditions in such informal settlements due to a lack of basic infrastructure – clean water, sanitation, refuse removal, electricity, etc;
- mine workers choosing to leave their wives and children in rural areas and to establish second families close to their places of work, the additional financial burden of running two households notwithstanding.

Mining companies’ responses to these issues include engagement with local authorities, primarily but not exclusively in terms of the companies’ social and labour plans, to improve basic infrastructure within informal settlements, and provision of personal financial management advice to employees.

HOSTEL CONVERSION

In a declaration in 2010, stakeholders committed to work towards achievement of hostel occupancy of one person per room and conversion of parts of hostels to family units by 2014.

Progress towards achieving this target has been made, varying in degree from mining company to mining company and notwithstanding a significant reversal in the fortunes of the gold sector as a whole in recent years.

“While laudable in principle, and a popular choice among mine workers, the living out allowance has had a number of undesirable consequences over the years.”
**HOME OWNERSHIP**

First substantive steps towards functional, affordable home ownership as an option for all mine workers were made in 1998 when the Mineworkers Provident Fund Home Loan Scheme was launched, allowing mine workers to access equity in the Provident Fund to buy their own homes. Uptake on the option has been slow for various reasons, including:

- continuing resistance by mine workers to relocate their families permanently from rural areas to mining communities;
- buyer reservations about property value appreciation and re-sale potential in mining areas;
- challenges associated with identifying and providing affordable housing options;
- a shortage of suitable land for affordable residential development; and
- the ability of local authorities to service land for affordable residential development with the necessary infrastructure.

Mining companies have sought to overcome some of these inhibiting factors, not least by providing suitable land; by entering into public/private partnerships with local authorities to provide infrastructure and initiate affordable housing developments; and by educating employees on the pros and cons of home ownership.

**LOOKING AHEAD**

There can be few economic sectors outside of mining, either in South Africa or beyond, that must address a legislated imperative of providing tens of thousands of employees with affordable accommodation of a generally acceptable standard. Gold mining companies, particularly in light of the difficult economic circumstances they now find themselves, are hard pressed to deliver single-handedly. The afore-mentioned Framework Agreement signed earlier this year is an acknowledgement by mining employers, government and organised labour both of the scale of the task and of a shared responsibility to ensure delivery.

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**Gold Fields/Sibanye**

- Focus on provision of new family housing, single room hostel conversions
- Five-year, R750 million housing programme launched in 2006; by end-2012, 594 houses built, hostel room density reduced to 1.4 per room, R582 million spent
- Family housing initiative: 200 new family homes built at East Village, Glen Harvie

**Harmony**

- Promotion of home ownership
- Integration of mining communities into local structures
- Project to reduce hostel room density to one person per room
- Conversion of hostels to provide 1 000 family units to rent; company provides land, funds for basic infrastructure such as power and water, manages projects and monitors quality
- R300 million public-private partnership with Matjhabeng Local Municipality to convert hostels into family units to rent

**AngloGold Ashanti**

- Land suitable for residential development made available to local authorities
- Identification of properties in mining communities suitable for employee ownership
- Company-owned housing, surplus to requirements, made available to employees for purchase
- Financing agreements secured with lending institutions

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