



WAGE NEGOTIATIONS FOR THE GOLD INDUSTRY 2015

AngloGold Ashanti | Harmony
Sibanye | Evander Gold Mines

FREQUENTLY ASKED QUESTIONS

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KEY MESSAGING

Q How have gold wage negotiations unfolded so far?

- A**
- On 29 June 2015, the producers tabled a five-year offer. The firm offer would have seen entry-level employees receive increases of between 7% and 13%, while Miners, Artisans and Officials would receive increases ranging between 4.5% and 6%. Employees could further earn between 3% and 5% of profits in terms of the gain share proposal.
 - Following engagement with unions, the companies made a 'final offer' on 30 July 2015 for three years. The final offer would have seen entry-level employees receive wage increases of between 9% and 18% or between R500 and R1,000 per month, while Miners, Artisans and Officials would have received increases ranging between 4.6% and 6%. This offer was conditional on its acceptance by all four unions.
 - On 13 August, both AMCU and the NUM rejected the final offer. In line with the conditions of the final offer, the gold companies withdrew the final offer and reverted to the firm offer made on 29 June 2015.
 - Conciliation under the auspices of the CCMA started on 14 September 2015. On 15 September, the producers tabled the CCMA-conciliated offer: www.goldwagene negotiations.co.za/latest-news/2015/gold-producers-table-ccma-conciliated-offer.
 - Engagement is expected to begin again on Monday, 21 September.

Q What is this new offer?

A In line with the companies' differing economic circumstances, offers in respect of wages are differentiated.

The CCMA conciliated offer will attract benefits and will ensure that entry-level, underground employees receive guaranteed pay* of between R13,728 and R14,611 per month in the third year of the agreement, which equates to total increases for entry-level, underground employees of between R2,869 and R3,552 over the duration of the agreement.

(*guaranteed pay includes basic pay and allowances, as well as medical and retirement contributions)

Essentially, the offer provides for an immediate increase of between 10% and 13% in basic wages. Or, put differently, over the three year period, guaranteed wages would rise by between 30% and 32%.

AngloGold Ashanti has made the following offer to:

- Category 4-8 employees and B-lower officials, an amount of R750 per month in year 1, R775 per month in year 2 and R800 per month in year 3, as well as a R100 per month increase in the living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

Evander Gold Mines has made the following offer to:

- Category 4-8 employees and B-lower officials, an amount of R650 per month in year 1, R675 per month in year 2 and R725 per month in year 3, as well as a R100 per month increase in the living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

Harmony has made the following offer to:

- Category 4-8 employees and B-lower officials, an amount of R600 per month in year 1, R600 per month in year 2 and R600 per month in year 3, as well as a R100 per month increase in the living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in years 1, 2 and 3.

Sibanye Gold has made the following offer to:

- Category 4-8 employees and B-lower officials, an amount of R675 per month in year 1, R700 per month in year 2 and R725 per month in year 3, as well as a R100 per month increase in the living-out allowance in year 1.
- Miners, Artisans and Officials, an increase of 6% on standard rate of pay in year 1, and 6% or CPI (whichever is the greater) in years 2 and 3.

In addition, a number of non-wage offer previously tabled remain in place.

Q How does the CCMA conciliation process work?

A The conciliation process allows the parties to engage further and, to hopefully find one another in order to reach a mutually acceptable outcome.

The CCMA process typically allows for an engagement period of around 30 days. During this period, the parties can agree to extend the 30-day period or the unions/companies could apply for a certificate of deadlock. All parties in the engagement have already agreed to an extension of this period.

The companies remain committed to engaging with the unions during the CCMA process with the aim of reaching an agreement that would be in the best interest of the industry, employees and South Africa.

Q

Can we expect a strike? How close are we to a strike?

A

The CCMA will carefully consider the ground for issuing a certificate of deadlock before issuing such a certificate. Should the CCMA decide to issue a certificate of deadlock, parties are required to provide 48 hours' notice before embarking on a strike or lock-out.

In our view strike action should always be a last resort.

Ultimately everyone suffers during strike action. While companies, employees and other stakeholders lose during strike action, ultimately it is employees and their communities that bear the brunt of this. The losses incurred by employees, communities and suppliers during the five month platinum strike are evidence of this. In any strike that exceeds two weeks, employees' earnings can never be made up.

Q

How do the gold producers feel about Minister Ramathodi's declaration on job losses?

A

We share the Minister's concern. South African gold production has halved in the past decade, and is at its lowest point in more than a century. In the last decade alone, one in three jobs has been lost, with employment falling from 180,000 jobs in 2004, to around 119,000 people last year.

Throughout the gold wage negotiations, the gold companies have indicated that they are concerned about the sustainability of the industry and the jobs it provides. The gold companies are focused on achieving an agreement which will ensure the sustainability of the industry and jobs as far as possible.

The offers made by the companies are generous and significantly above inflation and higher than any increases offered or agreed to in any other industry.

As the producers, we cannot ensure the sustainability of our industry on our own. We urge all parties to consider the situation the industry currently finds itself in and the long-term consequences of unrealistic wage increases. We further urge the unions and our employees to seriously consider this offer.

Q

Some unions have said that by proposing different offers, the companies are signalling the end of centralised collective bargaining. Is this the case?

A

No, not at all.

Right at the outset, the companies have indicated that they have different economic and operational realities. Each company has based its offer on its own realities.

It is important to remember that centralised collective bargaining does allow for different agreements at different companies under the auspices of the Chamber of Mines.

This is something that has happened on a number of occasions during the 30-year history of centralised collective bargaining. In fact, it happened during the 2013 gold wage negotiations when Evander Gold Mines reached a slightly different agreement based on its realities at the time. The agreement formed part of the centralised collective agreement reached under the auspices of the Chamber of Mines.



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