

WAGE NEGOTIATIONS FOR THE GOLD INDUSTRY 2015

collectively representing the gold producers who are represented in wage negotiations by the **CHAMBER OF MINES**

WAGE NEGOTIATIONS ENTERS 9TH DAY

Gold producers respond to unions: 'demands are unaffordable'

Johannesburg, 7 July 2015: Gold producers (AngloGold Ashanti, Evander Gold Mines, Harmony, Sibanye Gold and Village Main Reef) responded to unions today (the Association of Mineworkers and Construction Union (AMCU), National Union of Mineworkers (NUM), Solidarity and UASA) following the discussions yesterday, when all four unions retained their demands without any movement.

On the 8th day of negotiations, in a facilitated process undertaken at an external venue, the producers made the points that:

- The demands made by the four unions are unaffordable, as high as an additional R16.5 billion across the five companies when one of the union's demands is extrapolated. (The industry's total wage bill was R23.5 billion in 2014). Acceding to these demands would threaten the sustainability of our industry, and would jeopardise almost all current jobs.
- All unions were invited to engage directly with the companies on their financial models, and to actively participate in reviewing the economic and social consequences of our collective actions.

The firm and well-considered offers made by companies comprise the following:

- **Guaranteed employment** provided that the profit margin at operating unit level (after all costs have been allocated) does not fall below a profit margin of 6%.
- **Guaranteed annual increases in basic wages** for entry-level underground workers from 1 July each year. The offers range from increases of R450 (7.8%) for Harmony, R625 (11.1%) for Sibanye Gold to R750 (13%) for AngloGold Ashanti. In the case of Miners, Artisans and Officials, the offers range from 4.5% for Harmony, 5% for Sibanye Gold, and 6% for AngloGold Ashanti.
- **A profit- or gain-share proposal** where *any* improvement in company performance resulting in a profit will be shared with employees. This means that 5% of profits earned on average over the preceding six months at Sibanye Gold and Harmony will be shared with employees, while at AngloGold Ashanti 3.5% of profit will be shared. The profit

share will not be capped and will be in addition to any production or safety allowances or bonuses earned, and paid to employees quarterly in arrears.

- Creation of a special purpose vehicle (SPV) funded by the companies to address **housing and living conditions of employees**, and to improve the choices available to employees and their families. The SPV would seek to benefit from economies of scale to reduce the cost of housing and speed up delivery. The living-out allowance (LOA) would continue at its current level until the SPV is able to deliver affordable and desirable outcomes for all employees.
- Significant commitment to **alleviate employee indebtedness** with the objective that no employee should be indebted, in respect of payroll-administered deductions, by more than 25% of net pay. Personal financial management training and reasonable access to on-site debt counselling services will be provided to all employees.
- Measures to ensure that **all employees may retire with dignity**, while at the same time acknowledging the different needs of younger and older employees.
- A review of **training expenditure**, in consultation with the unions, with a view to ensuring that the maximum educational and skills enhancements are realised from the industry's training budgets. The companies' party to these negotiations currently spend some R1.5bn on education and skills development per annum.

Speaking on behalf of the Chamber of Mines, Dr Elize Strydom, said: "Our offers are substantial. Even before the profit share and the social sustainability proposals, our offers at entry level far exceed inflation and settlement areas in the past 10 years. And, importantly, employees will be able to influence their companies' profitability through their efforts, and their share in this through the gain-share. The companies have appealed to the unions to actively engage in the process of negotiations, and to take these offers to employees for serious consideration."

Should you have any queries please contact:

Dr Elize Strydom, Chamber of Mines
+27 (0)11 498 7409 or +27 (0)82 773 9553

Charmane Russell and Memory Johnstone, on behalf of the gold producers
+27 (0)11 880 3924 or +27 (0)82 372 5816 or charmane@rair.co.za or memory@rair.co.za