

Building on the ashes

a new future for coalmining communities?



Michael Zungu (51), a mineworker at the Iskor-owned Durnacol Mining Colliery (DMC) in Dannhauser, ponders his future. Zungu, who is the chairperson of the National Union of Mineworkers (NUM) at DMC, has just received news from management of the mine's impending closure. Roughly 90% of DMC's 3 500 mineworkers face retrenchment.

A mineworker most his working life, Zungu left his home in neighbouring Lesotho about 30 years ago to seek employment in South Africa's thriving mining industry. The mine has been the only lifeline for his wife and two children. But that is changing. He might have to return to a life of permanent unemployment in Lesotho. His story gives a sense of the despair that hems in the lives of 70% of the regions coalminers, who face the same fate. He does not have the skills to find work outside of the mining sector: "At my age, there is no hope of finding work outside the mine. It is a life and death fight for the survival of workers and our communities," he says.

Zungu explains that there is a low demand for expensive coal by the local iron and steel manufacturing industry. Mining high quality coal at a high cost, coupled with fluctuating world demands has made it difficult to compete on the market. The supply of coal to the local market has been down scaled by 90%.

Although management promised the

Coalmining operations in northern KwaZulu-Natal are grinding to a halt, and along with them the communities which depend on the mines for their livelihood. Malcolm Ray reports on plans to rebuild the region.

union it would explore alternatives to cushion the blow of the closure on workers, Zungu is worried that "nothing will change the situation". While his union has vowed to oppose the closure, he has resigned himself to the fate of retrenched workers in other collieries.

Zungu and the 3 500 workers employed by DMC are not alone in their struggle. The region has suffered a severe blow to its economic base in the last ten years, leaving thousands of retrenched workers with bleak employment prospects. For the remainder of coalminers, the fear of imminent unemployment is all-pervasive.

Socio-economic decline

Coalmining has suffered rapid decline since the mid 1980s. A profit squeeze and the exhaustion of exploitable coal reserves, led to stagnation within the sector.

Today, the physical appearance of the



Coalminer, Bhekiye Zulu, takes a break after his shift at the Hlobane Colliery.

region is evidence of the crisis. A ravaged stretch of black earth approximately 150 kilometres in diameter in the Vryheid-Newcastle-Dannhauser industrial complex points to the impact of years of coalmining activities. Defaced, shallow coal seams and the rocky appearance of the surrounding landscape indicate that coalfields can no longer provide the rich coke needed to turn coal into fuel.

Across the breadth of the remote area, dilapidated mine shafts and colliery infrastructure lie in disuse. Untamed coal dumps undergoing 'rehabilitation' merge into a single wasteland. Most of the mining villages clustered around the collieries are vacant, with buildings neglected and vandalised. At least 13 mines have ceased operations in the past decade, leaving a

staggering rate of unemployment in their wake. It is predicted that the remaining mines will close within the next four years.

The social consequences are immense. Once vibrant communities have become 'labour farms', which serve as depositories for retrenched mineworkers.

Negative spin-offs

An economic development study by the Hlobane Colliery's managing director, Cheryl Cameron, early this year predicts a number of negative economic spin-offs.

Coalmining contributes more than half the region's revenue and more than 30% of total employment. Cameron points out, however, that the mine closures "merely scratch the surface" of the problem. Coalmining also formed the basis for an integrated economic infrastructure. Through infrastructural linkages, mining supported the manufacturing, transport, financial and service

sectors - particularly in Vryheid and Newcastle, where numerous ancillary operations have been established.

Most manufacturing enterprises, not least the electricity supplier Eskom, relied on mines to supply coking coal for fuel. The closure of the mines meant that these enterprises could no longer operate. So, for example, the closure of the Kilbarchin Colliery - a major supplier of coal to Eskom power stations in the Newcastle vicinity - led to the Eskom-owned Ngagane power station shutting down in 1992.

At the same time, the service industries primarily engaged in the distribution and maintenance of mining machinery provided an important direct source of income for the regional economy.

All in all, it is estimated that 55% of jobs

in the region are directly dependant on business generated by the mining sector. Wages and profits generated in the sector have been a vital source of income for secondary industries. The closure of the mines will result in a downward tailspin for most other areas of economic activity, robbing the region of its economic thrust.

With the exception of some industries in Newcastle and Vryheid, which rely on the retail sector for their revenue, the region now faces almost certain collapse.

Jobs

The sheer size of the labour force in the region gives an indication of the impact this will have. The inevitable economic collapse will decimate the labour market. The integrated nature of the economy and the isolated geographic nature of the region makes absorption of the unemployed into alternative jobs extremely unlikely. Neither skilled nor literate, workers will be virtually unemployable. Manufacturing industries in Vryheid and Newcastle are mechanising and automating their production methods in order to keep abreast of competitors. A case in point is the shoe manufacturing industry, which is entirely disconnected from mining. An alarming 30% of leather workers were recently laid off because of the introduction of new technology and downsizing. This not only radically alters the skills mix required of the labour force, but also closes the door to unskilled mineworkers seeking employment in other sectors.

If current employment trends are anything to go by, local demand for labour will be reduced to zero in less than five years.

Union intervention

Time is running out for the NUM and civic organisations with strong roots in the mining communities.

Last year the NUM sought the assistance

of provincial and local government to find a solution to the crisis. However, Lyelovuyo Mgedezi, the local NUM organiser, says their appeal "fell on deaf ears". He says there is a "growing acceptance" among workers that the economy will inevitably collapse. "We make proposals - on investment, mining methods, management practices - but the problem is far beyond the scope of local intervention and solution."

The sense of hopelessness is largely because Iskor - the owner of most mining collieries in the region - is ceasing its operations throughout the country. The iron and steel producer has reportedly retrenched more than 12 000 mineworkers over the past two years because of shrinking output and negative long-term prospects. "This is the size of the monster we are dealing with," says Mgedezi.

Towards the end of last year, residents of Madadeni township outside Newcastle embarked on a rent boycott in support of retrenched mineworkers. Residents hoped the Transitional Local Council would step into the fray to broker a deal between the NUM and the mining houses.

However, because of the isolation of the township and its negligible role as a generator of revenue, the boycott passed unnoticed by employers and government and finally fizzled out.

Had the effort forced a reaction, Mgedezi confesses that the NUM would have been "caught with its pants down". He says the union has not adequately thought through an "holistic strategy" to deal with the crisis. The trend has been to fight a "defensive battle" with the mining houses.

The problem appears to stem partly from the fact that negotiations with management are confined to individual collieries falling under Iskor. Mgedezi says the union would be better placed to address the crisis centrally with Iskor, instead of invariably negotiating the terms of retrenchments.

Post-closure alternatives

All is not yet lost, however. Cameron, who is the driving force behind an innovative post-closure development initiative at the Hlobane Colliery near Vryheid, has in mind the establishment of a "new economic base" as a long-term solution. She is confident that there will be "life after the death of coalmining". She adds, however, that the post-closure slump can only be "turned around" provided the region moves quickly towards the establishment of an "alternative growth and development path". She says the NUM's efforts to save the industry are futile. "There is no alternative other than a complete change of direction."

The vehicle Cameron is using to drive the initiative is the Hlobane Community Complex (HCC) which comprises the mine's training and recreation centre and hospital. After two years of research into the region's development needs, a short-term strategy is emerging with the following core ideas:

- ☐ the development of retrenched workers and their communities through Adult Basic Education and skills training programmes;
- ☒ the restoration of existing mining infrastructure for the promotion of alternative economic activities;
- ☐ medical care through the hospital;
- ☐ the development of sport and recreational facilities.

The initiative is limited to the Hlobane-Vryheid-Paulpietersburg area for the moment. However, it is envisaged that similar opportunities will be offered to areas further afield.

Hlobane has down scaled its operations since 1987. From its original 6 000 workforce, the colliery now has 200 'skeleton workers' who have remained to oversee the mine's rehabilitation when it ceases operations at the end of this year. The strategy aims to circumvent the ghost town scenario which usually results when a mine closes.

The plan is certainly a positive development. But can it act as a catalyst for long-term, sustainable growth and employment on the scale previously provided by the mining industry?

Building on the ashes

Cameron insists that this is no short-sighted solution. "Any lasting solution must involve building a strong, labour-intensive economic base," she says. As alternative economic activities step into the vacuum left by the collapse of traditional mining, they will become a "self-sustaining vehicle" for unemployed workers. The effort is in line with Hlobane's commitment to the RDP. Iskor and the provincial government have been following developments in the area with keen interest. Last year several government officials, including the provincial premier, Jacob Zuma, visited the area and the release of RDP funds is expected soon.

Iskor donated R100 000 for research and a further R400 000 for development. However, an additional R8-million would still have to be raised to meet costs. Be that as it may, Cameron is optimistic. The initial five year plan will concentrate on education, training and infrastructural development.

The second phase will constitute the actual building blocks. The following catalysts for economic expansion have been identified:

- ☐ **Agriculture.** Arguably offering the best and most varied opportunity for employment and growth, the potential for livestock farming and intensive vegetable and maize cultivation is believed to be high. A consistent consumer demand for agricultural products makes agriculture a significant component of the future economy.
- ☐ **Forestry.** Small-scale forestry in the form of co-operatives is considered to be a sure source of income. The consolidation of fragmented tracts of arable land and the demand for wood and paper



Pic. MJ Mathewman

Cemetery at Hlobane. The death of the mine will kill the community.

products would create at least 11% of total employment opportunities

- ❑ **Transport.** Transport presently contributes an estimated 10% of the region's revenue, making it the third largest sector. With approximately 11% of the average household income spent on transport, a shift from industry traffic generated by the coalmines to regional traffic for commuters is expected to contribute to the continued viability of the sector.
- ❑ **Construction.** The construction sector is capital-intensive, and therefore suitable to employment creation. Expansion of this sector would offer a medium-term solution to the twin problems of poverty and the desperate shortage of low-cost housing.
- ❑ **Tourism.** The region has considerable tourist potential. The establishment of a cultural mining village, underground museum and natural heritage site is expected to boost employment.

Constraints

No matter how laudable, the proposals are

fraught with stumbling blocks. The high level of specialisation and dependence on the mining sector, will hamper adaptation to more diverse activities.

The shortage of skilled, literate labour is also underestimated. Whatever the HCC's good intentions, the reality is that this will stunt workers' employability. Upgrading skills takes time and money, both of which are in short supply. Sustained development requires a competitive edge. This means a smaller core of skilled workers operating sophisticated machinery. Many unemployed workers will not be absorbed into new jobs

Finally, rampant population growth places an additional burden on any plan. In the past five years, the population of the region is reported to have increased by 20%, while there has been a major decrease in employment levels.

The combined impact of these constraints could cripple any new growth path. However, in the absence of a third way forward, the region faces a clear choice: rely on a dying mining industry, or build a new economic base. ★