

Towards a wage policy in the mining industry

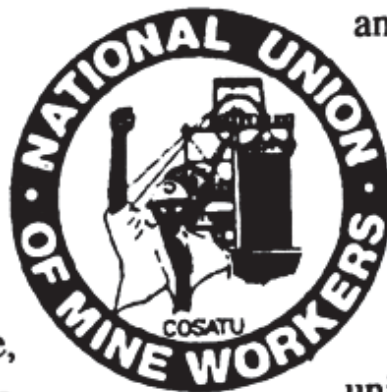
The National Union of Mineworkers has developed a wage policy to guide its bargaining strategy. The wage policy sets goals for the next three years. MARTIN NICOL, of the NUM Collective Bargaining Department explains the policy and the aim behind it.

Mineworkers as a group are amongst the most brutally exploited of Southern Africa's workers. Over the last hundred years their labour has produced enormous mineral wealth. The rest of the economy has grown from this base. More than 50 000 workers have died in rockfalls and accidents in the mines. Millions of workers and their families have been torn apart by the ravages of the migrant labour system.

The National Union of Mineworkers (NUM) was formed in 1982 and has scored many resounding victories for mineworkers in the six brief years of its existence. The right to strike, protection against unfair dis-

missal and discriminatory treatment, the end of racist assaults on workers and improved benefits have all reduced the heavy burden of oppression. The union has negotiated a provident fund which provides a resource for workers when they retire or leave their jobs. Income and job security is improved for injured workers. Most of all, NUM has given mineworkers a focus for building organisation and developing worker-controlled structures to shape their own lives.

But there is one area in which progress has been slow and inadequate. That area is wages. The basic aim of the union is to raise the wages of



all mineworkers, but especially the lower paid. The wage policy adopted at the sixth national congress of the NUM in April 1989 has given this aim a new direction.

What is a wage policy?

The union wage policy is a set of demands which give a concrete form to workers' aspirations. The wage policy seeks to establish clear and acceptable guidelines for determining different wages, so that there are no enormous gaps between wages. The wage levels must make sense, eg. a surface labourer must not get more than an underground worker.

Instead of just bargaining from year to year, the wage policy gives a clear indication of where we want to go over the next three years. Thus the wage policy will guide our negotiating strategy from year to year. It sets the objectives for a nationally agreed wage structure in the mining industry and provides a common platform for all mines and companies.

The first step is to apply the wage policy in the Chamber of Mines negotiations for gold and coal workers. This is the most highly centralised forum for collective bargaining in South Africa and agreements reached here directly affect the wages of some 500 000 workers. The wages of some 200 000 other mineworkers are indirectly affected by these negotiations.

The NUM wage policy will guide the union until the 1991 National Congress. The policy says, in part:

1. The mining industry must make

progress towards paying a living wage to all mineworkers by 1991 (that is in three years).

2. The union must negotiate a **national minimum wage** for all mineworkers at all mines.

3. All workers must receive a good wage increase even if they are already paid above the minimum in their grade.

4. The gaps between the job grades must be narrowed by raising up the wages of the lower grades.

5. Underground workers must be paid more than surface workers in each grade.

6. Wage demands must be set in money terms and not in percentages.

How did the NUM wage policy come about?

In 1988 there was a Conditions of Employment Workshop for worker leaders from the different regions of the union. This gathering took a critical look at the aims and achievements of the union in the area of conditions of employment and decided to promote the idea of a new wage policy. The discussions at the workshop were summarised and used as the basis for follow-up workshops in the regions.

The starting point of the discussions was the poverty wage policy of the mining houses. The mining houses are united in the Chamber of Mines which ensures that all wages are kept at a low level. But each mining house has its own 'wage philosophy' which leads to different basic wages in each of the various job grades. For

example, Anglo American has the highest minimum wage, but the highest grade 8 wage is set by Genmin. In 1988, the wage gap between workers doing the same job varied from R40 to R100 per month depending on which mining house employed them. At the workshops workers agreed the union should aim to close these gaps so that there is one basic wage for each job grade in the mining industry.

All the workshops rejected the past practice of demanding wage increases in percentage terms. The new wage policy, debated and agreed upon at the national congress, is based on rand amounts and a national minimum wage scale.

Down with percentages!

For many years the NUM has put forward its wage demands in percentage terms. In 1988, the demand was for 40% at all the mines.

What does 40% mean? Let's take an example. Last year, these were the minimum wages for grade 1 underground at Anglo, Gold Fields and Genmin gold mines:

| | |
|--------------------|------|
| <i>Gold Fields</i> | R307 |
| <i>Genmin</i> | R350 |
| <i>Anglo</i> | R385 |

A 40% increase means the following rand increases:

| | |
|--------------------|------|
| <i>Gold Fields</i> | R123 |
| <i>Genmin</i> | R140 |
| <i>Anglo</i> | R154 |

and these new minimums:

| | |
|--------------------|------|
| <i>Gold Fields</i> | R430 |
| <i>Genmin</i> | R490 |
| <i>Anglo</i> | R539 |

The same percentage increase means different rand increases although all the workers do the same work.

The same percentage increase means that the higher paid Anglo workers get a bigger increase than the lower paid Gold Fields and Genmin workers. This widens the wage gap between the mining houses. Before the increase above, the gap between Anglo and Gold Fields was R78 - after the increase it has widened to R109!

If this tradition of negotiating percentage increases continued, the wage gap would widen more every year. Already, the practice has created unacceptable anomalies in the wage structure of the mining industry. A worker's wage is not determined by the work he does, or where his mine is located - it depends on which of the mining houses administers the mine.

In any event, it became clear in the workshops that many workers find percentages confusing and misleading. They are not sure what a 40% increase means. They may think it is a 40 cents increase or a 40 rand increase. Often, they think it is a big amount and then are disappointed when they get only a few rands increase.

The new wage policy

The union decided to solve this problem by demanding wages in rand terms in 1989, based on a national minimum wage scale which sets the minimum wage for surface workers and underground workers in each of

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the eight job grades.

The national minimum wage scale was drawn up to take account of three factors:

1. The anomalies that exist now in the wage scales of the mining houses. The union proposal is for regular 'steps' between one grade and the next. This is the proper way of applying the Paterson job grading system that the mines claim to use. At present, the steps are not regular.
2. Inflation.
3. Movement towards a living wage.

For example, this year the union demanded a minimum wage of R600 per month for Grade 1 underground was R600 per month in all mines. This demand would mean that each mining house would have to pay a different increase. The lower paying mines have to give a bigger increase to catch up with the higher-paying mines.

The union demand was divided into three sums: a sum to lend the anomalies between the wages of different companies; a sum to keep pace

with inflation; and a living wage increase.

The increases for anomalies remove the present gaps between the mining houses and bring the minimum wages of all mining houses onto a unified 'wage curve' (ie the steps between each grade should be similar). The inflation increase is needed to preserve the buying power of the wage against inflation. The living wage increase is needed to move the wage towards a living wage.

The union demanded a living wage of R137 for grade one. For the higher grades, the union demanded a smaller living wage increase. This is because the union aimed to **narrow the wage differential** between the top and bottom of the wage scales.

Demanding the same national minimum wage scale means demanding different wage increases at the different mining houses so as to bring them all to the same level. The wage increases need to be different in both rand and percentage terms to achieve this goal.

The Chamber of Mines found this

NUM's National minimum wage scale

| | 1988 mini- mum | Anom- -alies | Plus demanded amounts: | | | MINIMUM DEMANDED |
|-------------|----------------------|-----------------|------------------------|-------------------------|-------------------|---------------------|
| | | | Inflation | Living wage incr. | Total increase | |
| Anglo | R385 | R16 | R62 | R137 | R215 | R600 |
| Gold Fields | R307 | R94 | R62 | R137 | R293 | R600 |
| Genmin | R350 | R51 | R62 | R137 | R250 | R600 |

very hard to understand.

The response of the Chamber

The Chamber refused to accept that it was reasonable or desirable for the industry to negotiate a national wage scale for all the mining houses. Initially they refused to negotiate in rand terms at all, offering a laughable 11% increase on minimum wages.

It took many hours of discussions before they agreed to make offers in rand terms - but then they could only agree to offer the same rand increases for each grade. This was some improvement, but it would mean that the gap between the mining house wage scales would stay the same. The union wants to narrow and eliminate the gap, and the union negotiators asked how the Chamber proposed to do this.

The Chamber was outraged that on top of the increase it offered, the union should ask for an increase to

correct the differences between the wages of the different mining houses. In essence, the individual mining houses want to keep their own wage scales and do not want to be dictated to by the Chamber of Mines on the wages they should pay. This is a battle that will be fought by the union in future years.

The negotiations were then complicated by a split in the mining houses. Anglo, Genmin, JCI and Rand Mines coal continued to offer the same rand increases for each grade. Gold Fields, Rand Mines gold and Lonrho shifted to offering percentage increases again.

The union could not allow the ideal of wage equality to threaten its main goal of improving the relative position of the lower-paid workers. So an amended split offer was eventually accepted by the union - which meant that workers on Anglo, Genmin, JCI gold and Rand Mines coal got higher increases than workers on Gold Fields, Rand Mines gold and Lonrho.

One of the main arguments of the Chamber is that fringe benefits, such as free food, transport, sports facilities and accommodation, should be included as part of the wage. The Chamber said this is worth R210 per month for each worker. The union disagrees. As mines are far from workers' homes, the mine has to provide food and accommodation. This is a cost of operating a business in a remote place and maintaining a migrants labour system, it is not a benefit for workers that can be added onto their cash wage. Workers still have to maintain a second household at their family homes, they cannot share the roof over their head or their food at the mine with their family. The union rejects the idea that "payments in kind" have anything to do with wages. They do not play a part in the wage policy.

The settlement

Wage negotiations took place at an unfavourable time for the union. The gold price fell significantly and with it the prospects for increased profits in the industry.

For grade 1 underground, the rand increases varied from R45 (16,1% at Gold Fields Coal) to R70 (18,2% Anglo Gold; 20,2% Genmin Gold).

The wage gap at grade 1 stayed the same between Anglo and Genmin instead of increasing, as it would have if the increase was in percentage terms. The gap is still R35. This is an important gain for the wage policy. Before the gap can narrow, it has to stop growing! But if one compares all the mining houses (not just Anglo and Genmin) the wage gap grew from R78 to R99 at the grade 1 level. The Gold Fields minimum still needs to rise by 28% to reach the Anglo level. There is no economic reason for Gold Fields to pay lower wages. In fact, Gold Fields mines are the most profitable of all.

The minimum underground wages for the three main mining houses in gold are now:

| | |
|--------------------|-------------|
| <i>Gold Fields</i> | <i>R356</i> |
| <i>Genmin</i> | <i>R420</i> |
| <i>Anglo</i> | <i>R455</i> |

Overall, the wage increases in percentage terms varied from 12,8% (Genmin Coal Grade 8 surface) to 21,5% (Genmin Coal Grade 1 surface).

In the majority of cases, wage categories 1 to 4 (where 85% of workers are concentrated) showed percentage increases in excess of 15,5%, the official July 1989 inflation rate.

The 1989 wage negotiations have set a firm foundation for the new wage policy. The union will build on it in the negotiations up to 1991. One of the most important 'spin-offs' of developing the wage policy has been an increased awareness in the union of the different aspects of wages and how the union needs to develop a clear position on each of them. For example, how big should the differential be between underground and surface workers? Should it be a percentage of the basic wage (meaning more for higher paid workers) or the same rand amount for all - because all face the same dangers?

How much should mineworkers get paid?

The wage ladder (see next page) shows where black mineworkers fit into the industrial wage picture in South Africa. The wages indicated are minimum basic rates for general workers. The average wage shown is the average for general workers (Paterson A1 band) in the March 1989 P-E Corporate Services wage survey.

The wage level the NUM achieved in 1989 is below what was demanded, but the demand for a R600 minimum for underground workers is well within the range of wages currently paid in manufacturing industry.

As can be seen in the graph on page 74, mining unions worldwide have secured wages for their members that are better than in manufacturing industry. This is because people recognise that the dangerous, unpleasant

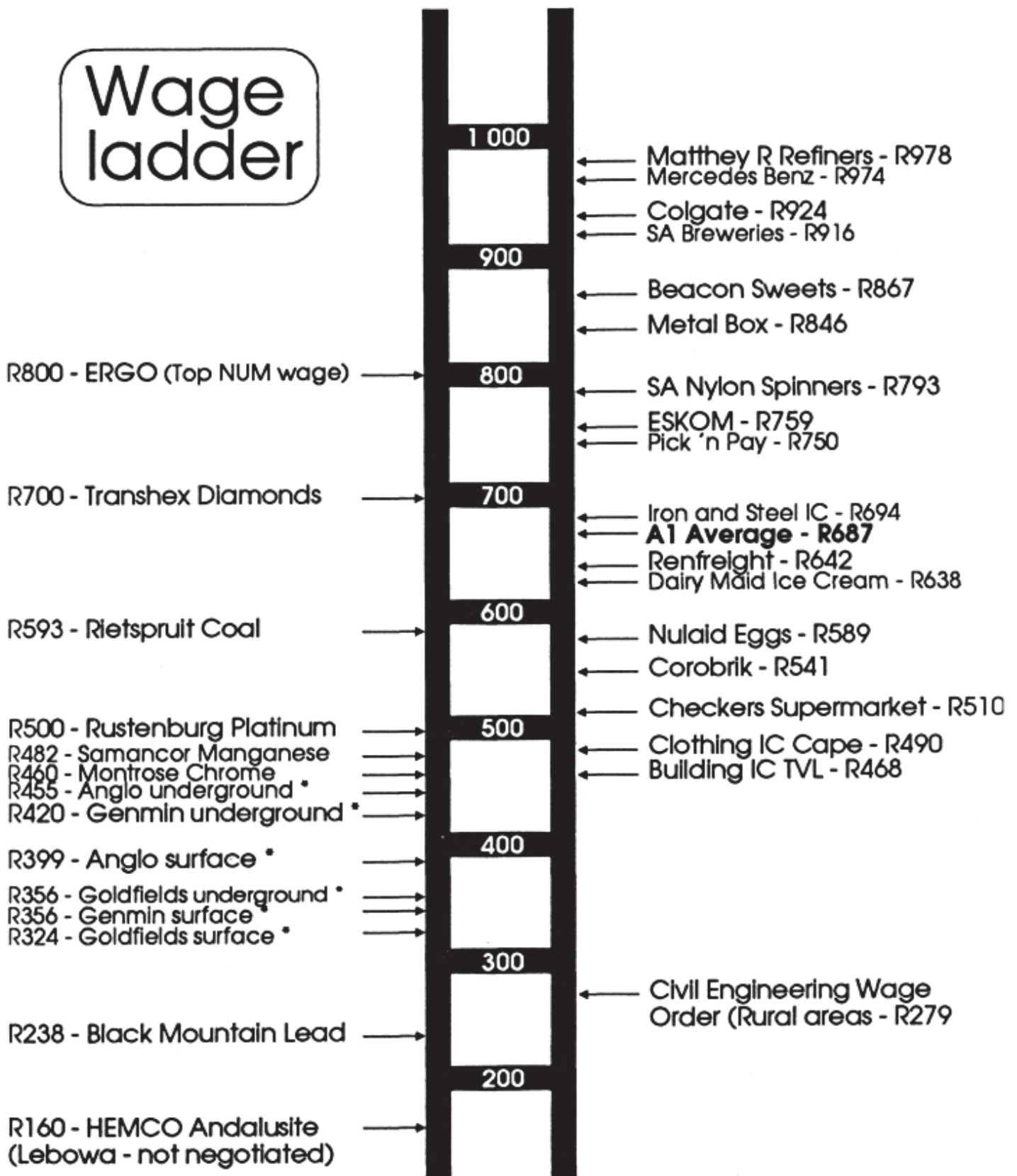
Wages in mining are low compared to other industries

Mining

Monthly wages (Rands)

Manufacturing

**Wage
ladder**



* Chamber of Mines Gold negotiated

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and strenuous nature of the work in mining deserves financial compensation. It is like danger pay.

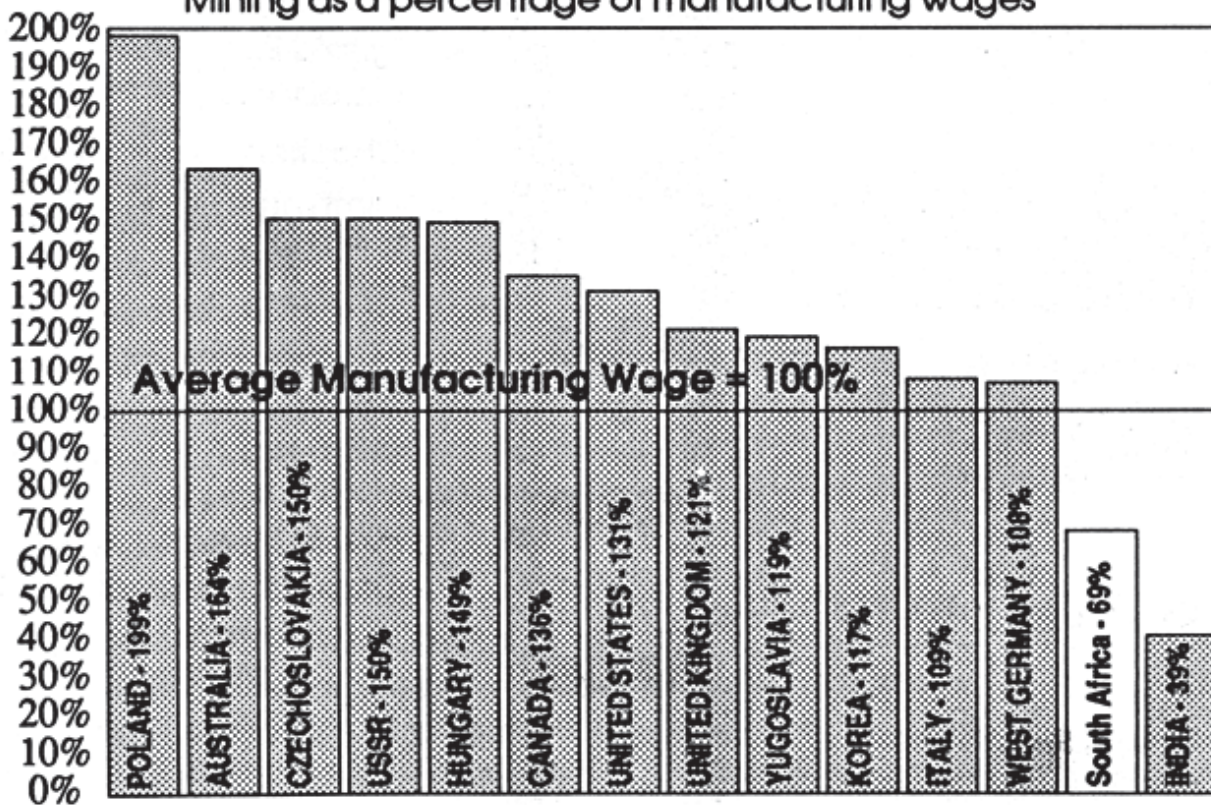
The white miners' unions in South Africa are no exception. The average wage for whites in mining is higher than in any other sector of the economy. But the average wage for black workers in mining is only about 80% of the average wage for black workers in manufacturing. If we follow the lead of the major mining countries of the world, a R600 minimum in mining is too low. According to the International Miners Charter: "Wage rates for underground workers should be better than wage rates in any other industries." This would suggest a goal

of R800 or R1000 as a minimum wage for mineworkers in South Africa.

Can the mining industry afford to pay such wages? Many mines can without difficulty. But the Chamber of Mines uses the excuse of "marginal mines" to keep all wages low. These marginal mines produce gold at a high cost - either because they are old or because there is very little gold in the rock. The mining houses use the centralised bargaining system of the Chamber of Mines to keep wages equally low on all mines, even the most profitable. This allows the "marginal mines" to stay in production - and it allows extra-large profits on the other mines.

Miners are usually paid the best

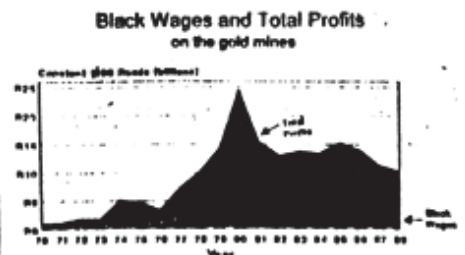
Mining as a percentage of manufacturing wages



MAJOR MINING COUNTRIES OF THE WORLD
(no figures available on China)

The mining industry as a whole remains vastly profitable. For the gold mines this is illustrated in the advertisement placed by NUM during the wage negotiations with the Chamber.

THE MINING INDUSTRY CAN PAY A LIVING WAGE



Last year alone, the gold mines made a total profit of R7,6 billion.

The cost of the NUM's wage demand for 1989 is only R1,3 billion.

Our wage demand is for a national minimum wage of R600 per month for underground workers.

For surface workers we want a minimum of R543 per month.

The miners produce the wealth of South Africa. We do a dangerous job. We deserve a living wage.

MINeworkers DEMAND A NATIONAL MINIMUM WAGE

The NUM wage policy specifies a national wage scale for all mines, rich and poor. NUM does not want "mine-level bargaining" to win decent wages only for the wealthy mines. The union believes in a system of cross subsidisation, whereby the wealthy mines support the marginal mines. For more than fifty years the tax laws have in fact subsidised the marginal mines. But in 1989, the government adopted the suggestion of the Chamber of Mines and the Marais Commission to decrease the profitability of mining marginal ore. Marginal mines now

pay more tax than before, and the wealthy mines pay less.

The union believes that its wage policy should be extended beyond the Chamber gold and coal mines to cover every mine worker. This will require that every mineworker must be paid for the job he performs, irrespective of where the mine is, the company that controls the mine or the mineral produced. If this principle is applied, and the Chamber's "lowest common denominator" wage structure is rejected, it will be necessary to change the tax system (subsidise the wage bill on marginal poorer mines) New laws on minimum wages would also be necessary.

But let's take it a step at a time. A R600 minimum for underground mine-workers, as specified in the wage policy, is an attainable goal. "The people shall share in the country's wealth" says the Freedom Charter. The new wage policy of the NUM charts some of the way for mineworkers to receive a fair share of the wealth they create. ☆

