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Remote operations

A look at the advantages and opportunities associated with running mines from integrated or remote locations

Longwall mining

MM examines the past, present and future of longwall technologies

Wear protection

Learn how the use of specialist steels can enhance the life of your mining equipment

Narrow-vein mining

The latest techniques and technologies for selective extraction with updates on key projects

Chain reaction

The end has come to the longest and most costly wage dispute in South African history. June 24 saw the world's top three platinum producers, Anglo American Platinum, Impala Platinum and Lonmin, sign a three-year wage agreement with the Association of Mineworkers and Construction Union (AMCU) after five months of strike action by nearly 70,000 employees.

To say that the negotiations that began on January 23 have harmed the sector is a gross understatement. The companies involved have totalled R24 billion (US\$2.2 billion) in lost revenue, and employees have racked up R10.7 billion (US\$1 billion) in lost earnings.

South Africa holds 80% of the world's known platinum reserves, so the stoppage affected around 45% of global supply and aided contraction of the South African economy in the first quarter. The industry had been leaning heavily on stockpiles when employees began returning to work on June 25.

The three separate agreements came into effect retrospectively on July 1, and cover the period from October 1, 2013, to June 30, 2016. Those interested in reading the terms can do so by visiting www.platinumwagene negotiations.co.za

Commenting on the signing, Lonmin CEO Ben Magara said: "Signing this agreement with our majority union is the only way forward in re-building our business. Sadly, there are no winners."

While the ordeal may seemingly be over, it's a long road to recovery for the mining companies involved, and the negotiations may have wider-reaching effects. Magara said that Lonmin's processing facilities were re-started in May, but that "there is much to be done to achieve a safe and efficient ramp-up across our operations". Although Lonmin pipeline stocks have not been depleted to the same extent as during the six-week Marikana platinum strike in 2012, Magara acknowledged that refilling of the production pipeline is necessary. He also said that given the prolonged nature of the strike and low PGM prices, restructuring of the business had become inevitable.

Workers began returning to Impala's Rustenburg operation on June 25, although it will take three months for the mine to be fully operational. The company is making sure the underground areas, infrastructure and equipment are safe, as conditions deteriorated during the strike. It is also assessing and re-equipping parts of the mine that were vandalised and areas where copper cables were stolen.

As for Anglo, less than a week after the deal was penned, the company announced it would divest some of its platinum operations. It has lined up South African investment bank RMB to run the auction, which will also include underperforming iron-ore and copper assets. Analysts have valued the mines at US\$1.4 billion, and South African gold producer Sibanye Gold is rumoured to be interested.

But what of the wider implications? While agreements with the AMCU prevent a repeat of action in the immediate future, there is no guarantee that strikes of a similar nature will not happen again, particularly now that the unions have seen they deliver results.

Still reeling from the AMCU action, Impala saw a further 2,000 of its workers at the Marula mine walk out in early July demanding better wages. Although this was quickly nipped in the bud, it seems a precedent has been set. 220,000 National Metal Workers of South Africa staff also walked out on July 1, crippling the automotive sector and costing the industry an estimated R300million a day. The stoppage affected 12,000 employers, including mining players Bell Equipment and Murray & Roberts.

There is also unrest at Eskom, the country's biggest power provider. The National Union of Mineworkers, which represents 16,000 Eskom employees, warned that the company is "sitting on a time bomb" by preventing workers from striking. Industrial action at Eskom, which provides 95% of the power in South Africa, could force smelters, mines and factories to shut down.

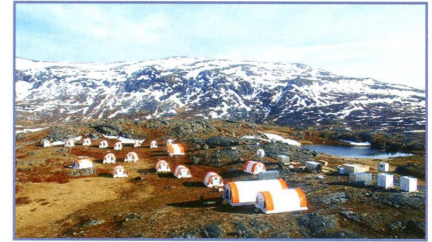
It would appear that the high-profile AMCU action has ignited tensions that have been bubbling beneath the surface for some time. It will be interesting to see how the situation pans out. One thing is for sure: the South African mining industry is currently highly vulnerable, and swift and decisive action is needed if it is not to be brought to its knees.

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COVER
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