

Mining Industry Retrenchment

A case study of the program to mitigate the social and economic impacts of retrenchment at Placer Dome's South Deep mine in South Africa

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A History of Creating Innovative Partnerships



Presentation Objective

- Provide an overview of the Placer Dome Care Program and its efforts to assist workers and families to mitigate the impact of the South Deep retrenchment

Outline

- Background on the retrenchment and situation
- Initial objectives and efforts
- Involving external stakeholders
- How the Care model/process works
- Discussion

Background & History

- April 1999 Placer Dome bought 50% of the Western Areas mine and formed the Placer Dome Western Areas Joint Venture
 - The first major international partnership in the South African mining industry
- Major restructuring and modernization was required to achieve sustainable profitability
- Retrenchment of 2560 workers (July–Oct 1999)
- Retrenchment was contested by local union
- August 1999 Care project was initiated as part of the company's Social Plan

Background and History (cont)

- Retrenchment is a major issue for the Southern African mining industry.
- Economics and safety necessitate a switch from labour to equipment
- South Africa alone retrenchment of over 100,000 mineworkers in past decade removing over R50,000,000 from local economies. For many this was their only cash economy.
- Has caused huge social and economic dislocation
- Formation of MDA directly related to retrenchment
- TEBA and other in Industry seeking ways to address this new reality

Care Project Set New Standards

- Industry Standard

- Severance package (based on years of service) plus onsite training for retrenchee in the 3 months following retrenchment

- Care Project

- Severance package plus training (28 million Rand – R11,000/~US\$2,800 per worker)
- Financing (corporate commitment of R15 million) management time and other resources to enable the worker's family to become economically active
- Involvement of other stakeholders (MDA, TEBA, etc.) to increase overall capacity of the region to support sustainable community development

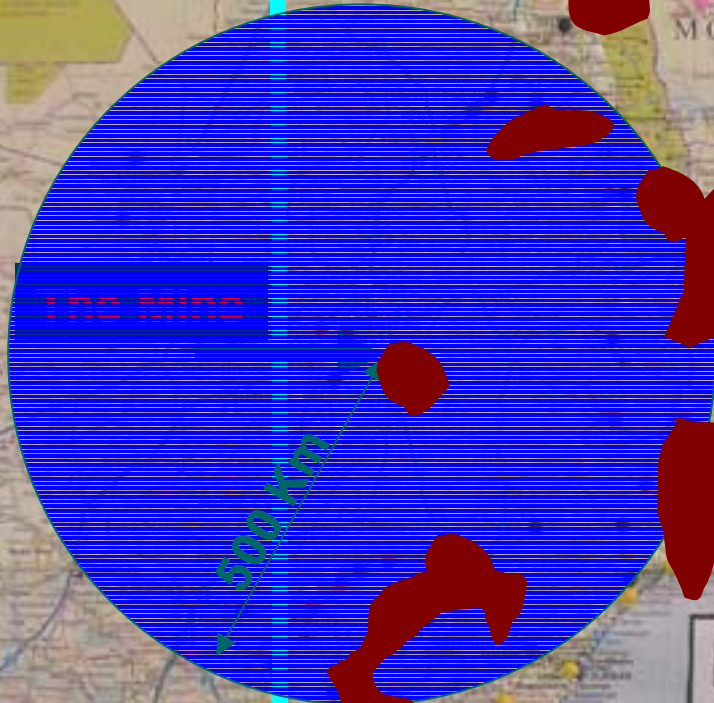
Goals of the Placer Dome Care Project

- Mitigate the social and economic impact retrenchment has on workers, families and communities
- Provide support and assistance that will enable 70% of the retrenched employees or their nominees to become economically active
- Help to develop infrastructure, relationships and expertise that can be utilized in the development and implementation of HIV/AIDS program

Challenges

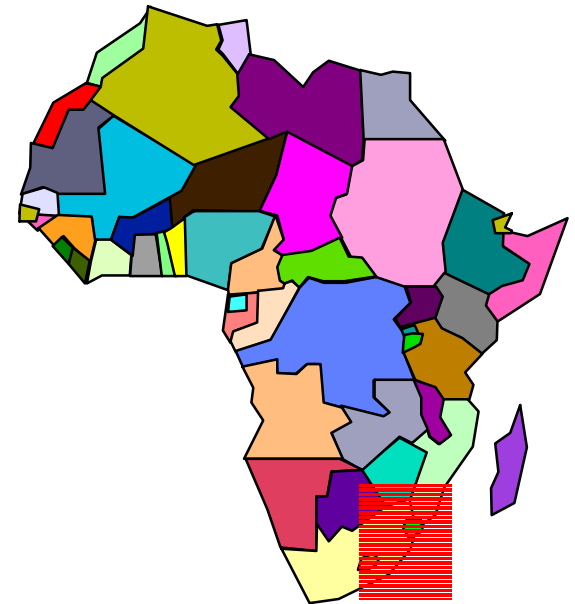
- Migrant workforce – workers come from an 800km by 2500km area covering five countries
- Some areas of concentration but still encompasses about 1,000 villages, many with no infrastructure and difficult to contact

Distribution of October 1999 Retrenchees



2560 Retrenchees

- Mozambique
- Lesotho
- South Africa
- Swaziland
- Botswana



Challenges (cont)

- Rugged geography
- Overall economic decline in the area makes it difficult to develop alternative economic opportunities
- Customary gender roles and responsibilities make some opportunities more difficult
- Low levels of literacy
- Continuing resentment over the retrenchment

Care Process

- **Exit** Employees were briefed on the Care Project on exit and offered training and counseling. (difficulties because of contested retrenchment)
- **Visits** The retrenchees and local government were visited in their home areas to determine an implementation strategy.
- **Community Development Faciliators** A number (+/- 50) of ex retrenchees selected and trained. +/- 25 will be employed by TEBA to interact with the retrenchees and their families to identify economic opportunities and the assistance required.
- **Develop Implementation Strategy** The facilitators together with our partners will develop the implementation strategy following their interaction with the retrenched miners families.
- **Implementation**

Consulting the Retrenchees



- Jim Fisher, PDWAJV consulting with retrenchees – March 2000



- Meeting with Retrenchees in Xai Xai – November 2000

Consulting National Governments



- Peter Harris, CEO Placer Dome Africa meeting with Mozambique Ministry of Labour

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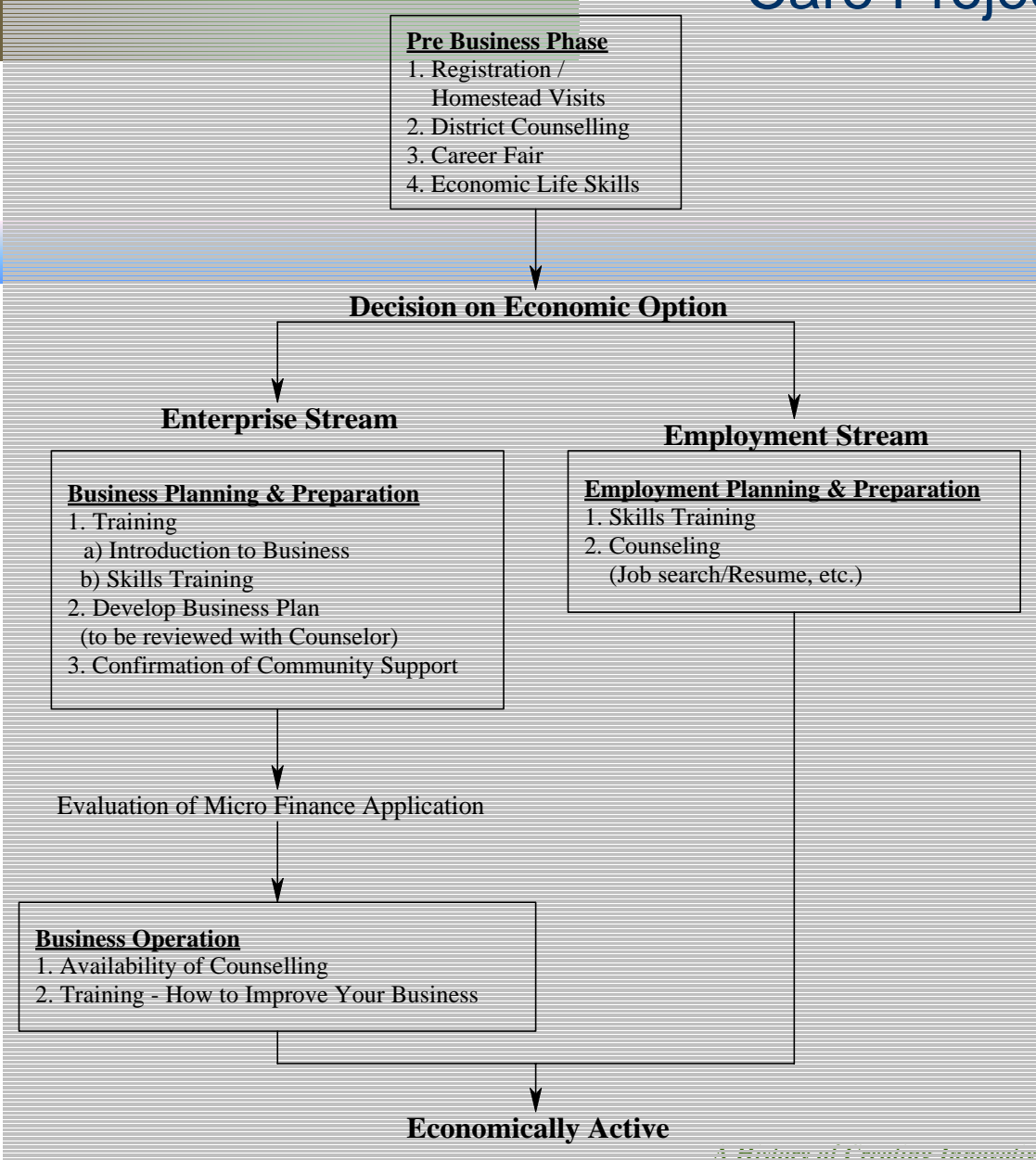
Partnership Approach

- Recognition that the challenges were too great to attempt alone
- Implementation partners
 - MDA
 - TEBA
- Expertise & Financial Partners
 - Canadian International Development Agency
 - World Bank Mining Group
 - WDA
 - Others

Capacity Building

- Financial resources (training programs, staffing, provision of expertise, etc.) are being used to assist MDA, TEBA and TEBA Bank to increase their overall capacity to support retrenched mineworkers in Southern Africa
- Career Fairs increase local capacity and awareness

Care Project Process



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Care Project Process

- **Registration and Homestead Visits:** Retrenchees counseled on Care Project during initial registration by Fieldworkers.



Care Project Process

- **District Counseling:** Small groups of retrenchees brought together in their districts for a course on the process for skills and business/enterprise training, micro finance, and the counseling and types of training which will be available to them.

Care Project Process

- **Career Fairs:** Retrenchees and their families attend a “*career fair*” type event (region by region) along with training and micro enterprise service providers to view the sorts of training and economic options available to them. The **first Career Fair** was held in Maseru, Lesotho on April 25-26th and featured 34 distinct employment and enterprise opportunities for the retrenchees to review. They are now being held in Mozambique



Care Project Process

- **Economic Life Skills Workshop.** Small groups of retrenchees attend a six-day workshop to provide them with a basic understanding of economic opportunities. The final day is dedicated to small group counseling to assist them in choosing an appropriate vocational focus, and whether they wish to pursue traditional employment or an entrepreneurial endeavor.
- **Decision** Retrenchee decides whether to pursue employment or self-employment. At this point, the proxy decision is also made (if it hasn't been already). Retrenchees will be encouraged to make this decision at the Economic Life Skills workshop. However, they will have up to two weeks following the workshop to review the choices with their family and make a final choice.

Care Project Process

- **Skills and Business Training.** Retrenchees who have chosen the self-employment option will attend an *Introduction to Business* program, and will also receive formal skills training further to the vocational/economic activity they ultimately decide on.
- **Job Hunting Skills.** Retrenchees who have chosen to pursue traditional employment will decide upon vocational focus, and receive formal skills training in their chosen area plus counseling and assistance in CV preparation and job-hunting and job-interview skills.

Care Project Process

- **Business Counseling and Support.** During planning and start-up of business enterprises, entrepreneurs will have access to business counseling and support services. This will include support to evaluate the level (if any) of micro finance required and the preparation of a business plan and micro-finance application.
- **Micro-finance.** Retrenchees requiring micro finance will present business plan/applications for evaluation by micro finance provider.

Care Project Process

- **After-care business counseling** will continue to be available throughout the startup and operation of retrenched enterprises, as well as more intermediate level business training if required (approximately three months after the start of the business)

Other results

- **Development Marketplace project**
- **Collaboration with other stakeholders to develop programs and models for HIV/AIDs and mining industry**
- **Increasing awareness of what role industry can play in local development, even in difficult times.**

Summary

- Background on the retrenchment and situation
- Initial objectives and efforts
- Involving external stakeholders
- How the Care model/process works
- Initial results

Discussion

