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Demanding the Impossible? Platinum Mining Profits and Wage Demands in Context

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Summary[1]

Miners in the South African platinum sector have now been on strike for over four months. Public debate on the strike has been hampered by the foregrounding of certain sets of financial data at the expense of others. This paper attempts to broaden the terms of the debate. Firstly, it situates the current financial predicament of South Africa's three largest platinum mining companies within the context of high profits achieved in the 2000s commodities' boom. Secondly, it provides an overview of the financial implications of the wage offers and demands made by the parties sitting on opposite ends of the negotiating table. Assessing whether or not the wage demands are ultimately affordable is beyond the scope of this paper, and would require access to data which the mining companies appear unwilling to disclose. Instead, we provide a counterfactual, asking whether or not wage demands deemed impossible today could have been met during the previous decade, which comprised both a boom and a bust in the platinum sector. The strike also brings into sharp focus broader issues of how the country's mineral wealth can be harnessed to best serve the interests of the wider population. This is discussed in the final section.

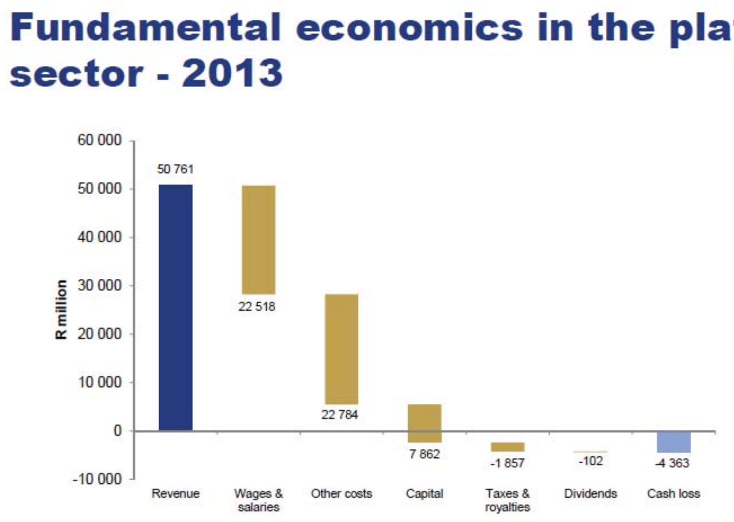
1. The Mining Companies

On Thursday 23rd January 2014 around 70,000 workers at South Africa's three largest platinum miners – Anglo American Platinum, Impala Platinum and Lonmin – began strike action for higher wages. At the time of writing the strike is ongoing, with the Association of Mineworkers and Construction Union (AMCU) – a challenger to the established National Union of Mineworkers (NUM) – and the mining companies at loggerheads. Workers' demands have centred on achieving a R12,500 per-month ($1170) entry-level basic wage – more than double current levels.[2] The mining companies have portrayed themselves as cash-strapped and struggling, with their shareholders suffering low returns in the face of an ever-increasing wage bill. This is not necessarily false, but it is selective because it applies only when viewing company data through a narrow timeframe focusing on the last few years, during which companies have been hit by the global recession and lengthy work stoppages. The following graph (Figure 1) features prominently on the platinum producers' PR website and illustrates this point.

[1] This is an abridged version of a longer report of the same name. Thanks to Dick Forslund at AIDC for providing the authors with wage data, and Paul Jordaan and Gavin Capps for advice and input.

[2] The total employment package is made up of the basic wage (approximately 60%), a living out allowance (approximately 20%), and pension, medical, holiday pay and other allowances (approximately 20%).

Figure 1 - Snapshot of Platinum Sector Profitability[3]



Source: Platinum Producers. “Comparative Wages: Mining Industry vs. Non-Mining Industries.” Platinum Wage Talks, 2014.

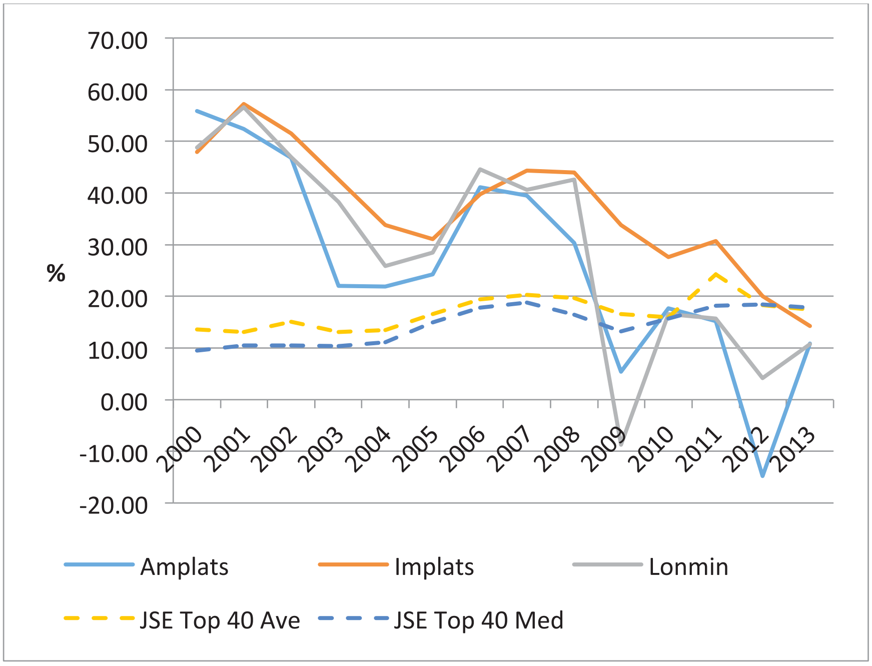
If one takes a longer-term view the picture is much more complicated as it is clear that the mining companies were highly profitable during the 2000-2008 commodities boom. This was fuelled by increased global demand and a soaring platinum price, which grew six-fold in the space of a decade (rising from $350 per ounce in mid-1999 up to $2,100 in mid-2008). The boom occurred through no special effort or innovation on the part of the platinum miners but on the back of global demand factors. Nonetheless, the South African regulatory system allowed them to capture the lion’s share of the benefits, extracting enormous resource rents which were distributed to shareholders.

By way of illustration, Figures 2a and 2b show the operating profit margin and the return on investment of the three largest platinum producers between 2000 and 2013. Table 1 displays averages for the boom (2000-2008) and post-boom (2009-2013) periods, as well as for the period as a whole.[4]

[3] Platinum Producers, “Key Factors in the Platinum Sector,” (Platinum Wage Talks, April 25, 2014), http://www.platinumwagenegotiations.co.za/assets/downloads/fact-and-figures/key-factors-in-platinum-sector.pdf?25042014.

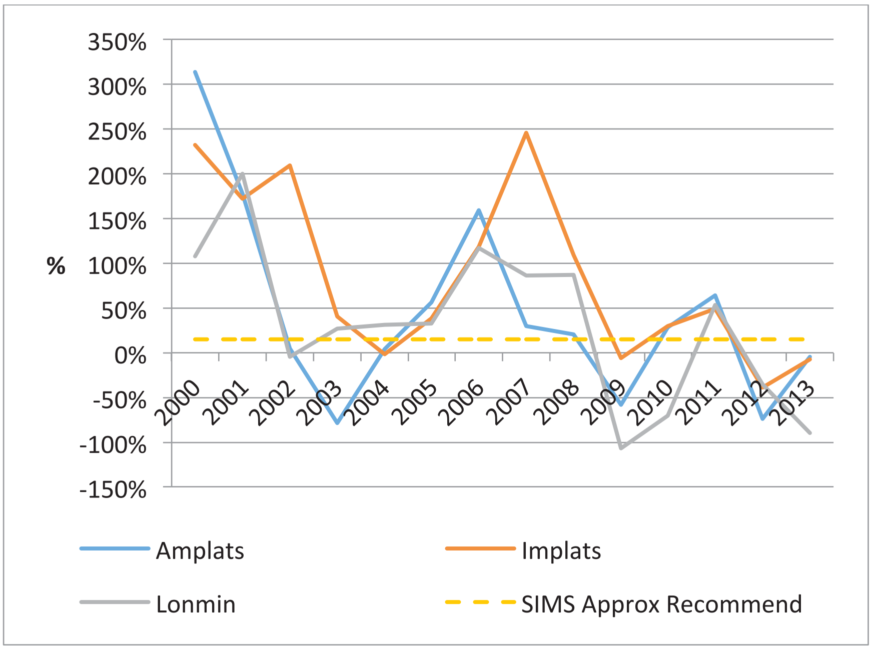
[4] The period of 2000 to 2013 is analysed as it was the period for which sufficient reliable data was available for all three companies. All monetary values stated have been adjusted to constant 2013 prices using South Africa’s Domestic Producer Prices index - Mining and quarrying activities, sourced from the OECD.

Figure 2a - Operating Profit Margins (%), Platinum vs. JSE Top 40 (2000-2013)



Source: McGregor BFA

Figure 2b - Return on Investment (free cash flow / capital expenditure) (%) (2000-2013)[5]



Source: Company Accounts

[5] Return on investment in this case is calculated as free cash flow / capital expenditure.

Table 1 - Average Operating Profit Margins and Return on Investment (%) for Three Major Producers for Three Time Periods

Average Operating Profit Margins (%) Three Time Periods					
	JSE Top 40 Ave	JSE Top 40 Med	Amplats	Impala	Lonmin
2000-2008	16%	13%	37%	44%	41%
2009-2013	19%	17%	7%	25%	8%
2000-2013	17%	15%	26%	37%	29%

Average Return on Investment (%) Three Time Periods				
	SIMS 15%	Amplats	Impala	Lonmin
2000-2008	15%	76%	129%	76%
2009-2013	15%	-9%	5%	-50%
2000-2013	15%	46%	85%	31%

Source: Company Accounts

Operating profit margins during the boom were over double the Johannesburg Stock Exchange Top 40 (an index of South Africa's 40 largest companies by market capitalisation) average of 16%, and triple the median of 13%. Meanwhile, return on investment[6] in several years reached over ten times the 15% level which, according to the recent *Strategic Interventions in the Mining Sector* report commissioned by the ANC in 2012, should be considered an approximation to a fair rate of return for mining in South Africa.[7]

These figures are less extreme when viewed over the full period of 2000-2013 as the global crisis and recession (amongst other factors) hit platinum prices and profits, but the average returns during this longer period are still impressive.

The other lens through which to view the mining companies' fortunes is the relative distribution of value added produced. Value added can be defined simply as the monetary value left with the producer of a good or service after the cost of purchases used in production.[8] There are three broad competing claims on this value: from labour, in the form of wages; from the state, in the form of income taxation; and from the owners of capital, in the form of profits to be retained or distributed as dividends. The bargaining power of these three groups determines their relative shares of the value produced.

When approached in this manner, platinum shareholders have done extremely well over the last fourteen years in comparison to labour. Combined with continued poor living conditions on the platinum belt, anger over low wages and large pay differentials between workers and management has acted as a catalyst for increased labour militancy. Between 2000 and 2008 workers at South Africa's three largest platinum producers received only 29% of value added produced. Strikingly, this is just over half the average for the South

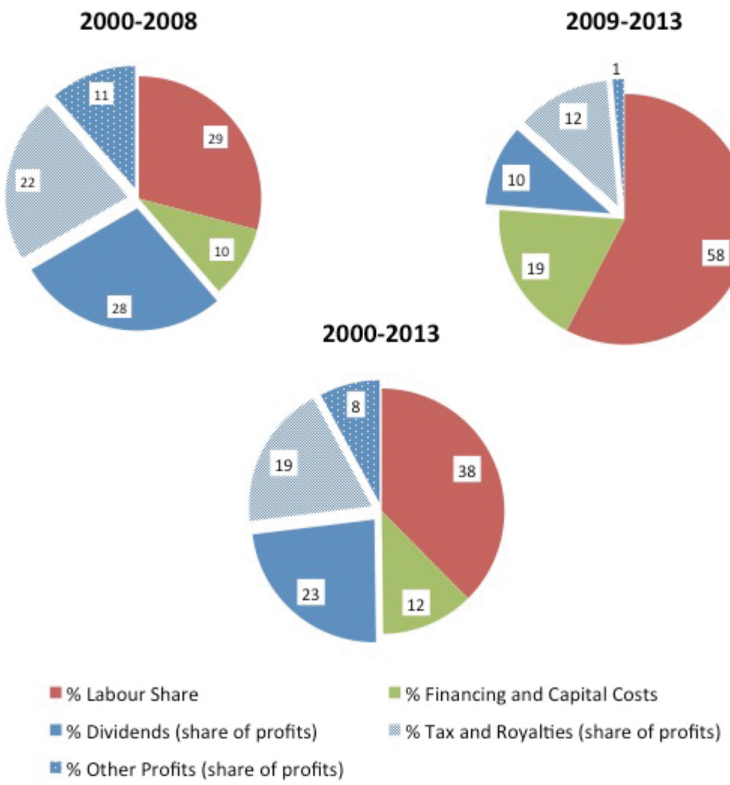
[6] The calculation for which is free cash flow divided by capital expenditure

[7] ANC, *State Intervention in the Minerals Sector (SIMS)* (African National Congress, March 2012). The assumption being a premium above the risk free rate, based on the long bond rate, of 8%.

[8] Value added has been calculated using accounts published in the annual reports of Anglo American Platinum, Impala Platinum and Lonmin. The calculation for value added used is total labour costs (including pensions, medical costs and other employee benefits as well as wages), plus profit before tax, plus depreciation and net interest costs/gain.

African economy as a whole (hovering around 50% for the whole period of 2000 – 2013).[9] This can be seen in Figure 3.

Figure 3 - Relative Share of Value Added between Profits and Labour (%) (Aggregate for Amplats, Implats and Lonmin)

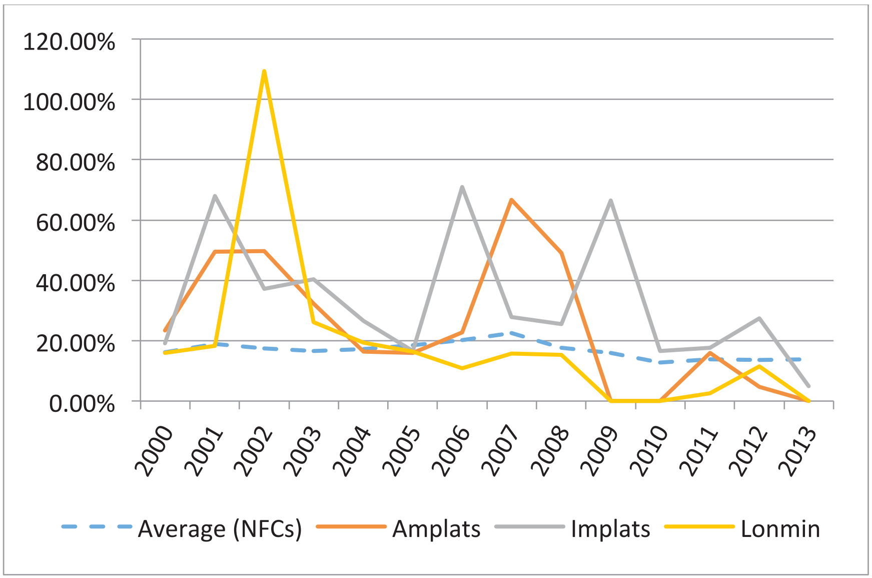


Source: Company Accounts

At the same time 61% of value produced went to profit, and just under half of this (accounting for 28% of total value added) was distributed to shareholders. Startlingly, in the case of Implats more was distributed to shareholders in dividends and share buybacks than was given to the entire workforce during the 2000-2008 period: R47,698 million to shareholders and R43,456 million (in 2013 prices) to workers. The situation is similar at Amplats, where labour received R91,353, compared to R91,129million distributed to shareholders, with Lonmin at R25,691million to shareholders and R34,406million to labour. The comparison between dividends distributed as a share of value added by the three companies and the weighted average for South African non-financial corporations is given in Figure 4a. It is clear that for the boom years (with the partial exception of Lonmin) these payouts were significantly above the average for the wider economy.

[9] OECD, "Statistics: OECD iLibrary: National Accounts," accessed May 29, 2014, http://www.oecd-ilibrary.org/statistics.

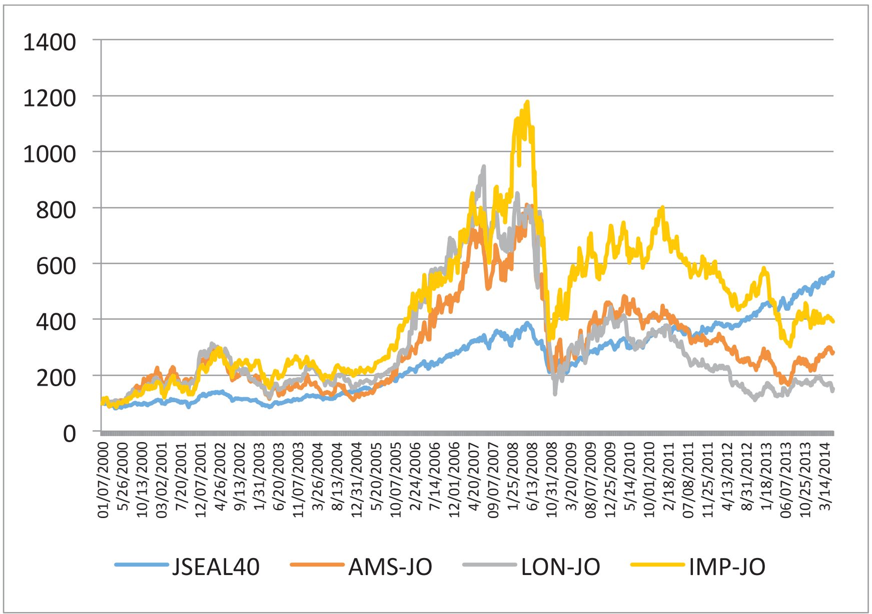
Figure 4a - Dividends Distributed as a Percentage of Gross Value Added[10]



Source: Company Accounts and SARB Macroeconomic Timeseries

In addition share prices soared (propelled in part by large share buybacks at Lonmin and Implats), allowing investors to make hefty capital gains (Figure 4b).

Figure 4b - Share Price of Amplats, Lonmin and Implats compared to JSE Top 40 (Weekly, rebased 2000 = 100)



Source: Reuters Datastream

10 The South African Reserve Bank's GVA does not include taxes therefore taxes have been removed from the companies' GVA before calculating this figure.

These trends show the prioritisation of shareholder value maximisation which dictates that costs are minimised (especially labour costs) and that no cash lies idle so that gains can be distributed to shareholders either in the form of dividends or via companies buying back their own shares. This prioritisation of shareholder returns comes at the cost of both labour and long-term investment strategies and is a key facet of financialisation. Related to this is the tendency for a substantial portion of executive remuneration to take place through share options, or bonuses based on share performance, which means that executives have a direct stake in short-term shareholder value maximisation. The financialisation of the South African economy is a key contributing factor towards its general malaise.[11]

It is also worth noting that these mining companies are large multinational corporations and much of the money distributed to shareholders will flow out of South Africa. Populating the list of the top 50 shareholders for Lonmin, for example, are foreign state funds including the Government of Norway, the State of California, the Merseyside Pension Fund and numerous overseas financial institutions including Credit Suisse, Blackrock, Barclays and JP Morgan.[12] In addition, the most unequal distribution of wealth in South Africa is financial wealth (holding of shares and other financial products); whereas the Gini coefficient for income is 0.699, it is 0.951 for financial assets.[13] Prioritising distributions to shareholders thus greatly exacerbates local inequality.

While the companies can rightly argue that wages increased over this period, as a share of the value produced, gains for labour look much less impressive. It was during this boom time that labour was best positioned to fight for meaningful wage increases, but for the most part the NUM adopted a compliant approach to relations with management. In the more recent period the labour share of value added has grown considerably as revenue has dropped and labour costs have, on average, risen at a slightly higher rate than inflation. It is against this backdrop of super-profits, from which labour – and indeed the South African public more broadly – gained too little, that the strikers' wage demands must be viewed.

2. Wage Offers and Demands

While AMCU's demands for a R12,500 basic wage have been flatly rejected, the mining companies have made two wage offers over the course of the strike. Most recently, the companies have offered to increase the *total package* of the lowest paid to R12,500, leaving the *basic wage* as a portion of this at around R9,000. This section assesses the broad financial implications of the two negotiating positions in terms of the impact they would have on total cost to company (TCTC).

The first point of note is that the wage offer made by the companies appears less radical

[11] See Sam Ashman, Ben Fine, and Susan Newman, "The Crisis in South Africa: Neoliberalism, Financialization and Uneven and Combined Development," *Socialist Register* 47, no. 47 (2011); Sam Ashman, Seeraj Mohamed, and Susan Newman, *The Financialization of the South African Economy and Its Impact on Economic Growth and Employment*, UNDESA Paper (UNDESA, 2013); Gilad Isaacs, "The 'Financialisation' of Non-Financial Corporations in Democratic South Africa" (SOAS, 2012).
[12] Sourced from FAME BvD database.
[13] Reza C. Daniels, Arden Finn, and Sibongile Musundwa, *Wealth in the National Income Dynamics Study Wave 2*, Working Paper (SALDRU, 2012), http://www.saldru.uct.ac.za/home/index.php?/component/option,com_docman/Itemid,32/.

and generous than their publicity material suggests.[14]

The percentage increases to the basic wage are high (7.5% to 11.2%) but increases to the total package are more modest (6.2% to 10.1%). Within the total package, increases to the lowest pay-grades are more generous (8.2% to 10.1%) than to those in higher grades (6.2% to 7.5%).[15] A strong case can be made for increasing the lowest paid by a higher percentage. However, when you aggregate the increases, over A, B and C level wage bands (with A being the lowest wage-band of the striking workers and C being the highest) and take into account the number of workers in each category, then one can see that the *impact on the total wage bill* is less dramatic. The average percentage increase in TCTC (for A, B and C level workers combined) is estimated at 8.6% per year for Amplats, 8.9% per year for Implats and 7.7% for Lonmin (see Table 2). *This is the most favourable interpretation of the offers*; for example, in our calculations the backdated increases are applied to all workers although this is not necessarily intended by the producers.[16] It is likely that the actual impact on the wage bill is, on average, half a percentage point lower for the producers. Considering that consumer price inflation is around 6%, and that inflation in the price of goods consumed by the working poor is frequently higher, the proposed increases are only likely to provide a slim real-terms wage increase. It would leave workers well below the basic wage of R12,500 demanded by AMCU.[17]

Table 2 - Percentage Increases to Total Wage Bill given the Increases to Individual Wage Bands in the Platinum Producers 17 April Wage Offer[18]

Percentage Increase to Overall Wage Costs (A, B, C Bands)									
Company	Y0 Back-dated	Y1 2014/15	Y2 2015/16	Y3 2016/17	Y4 2017/18	Average	Total	Inflation 6%	Inflation 7%
Amplats	8.5%	8.5%	8.4%	8.7%	9.1%	8.6%	51.3%	26.2%	31.1%
Implats	9.0%	8.8%	8.9%	8.8%	8.8%	8.9%	53.0%	26.2%	31.1%
Lonmin	7.7%	8.1%	7.8%	7.7%	7.5%	7.7%	45.2%	26.2%	31.1%

Source: Calculated using Company Data (provided to AMCU)

[14] Extrapolating from information made public exactly what the companies' wage offer is and its implications for each tier of worker is impossible to do with great accuracy. Here we have interpreted their offer in the most generous possible light. For a fuller discussion of this see section four in the full report.

[15] There are two anomalously high increases of 15% and 17% to both basic wages and total package for the lowest paid for the last two years by Amplats.

[16] For instance, the producers say that different backdated increases will apply to striking and non-striking workers. It is also not clear that the backdating applies to all wage levels. As the authors do not have this information we could not factor this into the analysis.

[17] The percentage increases to both basic wage and total package, as well as what this translates into for nominal wage levels, is given in the appendix of the full report.

[18] Lonmin's current wages are higher and so the percentage increases for Lonmin are lower than for Amplats and Implats. Amplats, despite having the lowest basic entry-level wage, has far fewer A-Level workers (who would receive the highest increases) and so their overall percentage increases are lower than Implats. The "Total" column is the percentage difference between the 2017/18 wage and the current wage. The difference between the cumulative increases and the compounded inflationary increases are heightened because the offer involves five iterations of wage increases (because it includes a backdated increase) whereas the inflation-based comparison only includes four iterations (one for each year). It is not clear that the backdated increase would apply to all workers. *By including it here for all wage bands we present the most generous interpretation of the producers' offer.* While inflation is expected to rise to as high as 6.5% in the short term it is expected to then drop to just under 6%, for this reason a constant inflation rate of 6% has been used unless otherwise stated.

The impact of AMCU's demand for a R12,500 monthly *entry level basic wage* within four years is also calculated. There are two ways for this demand to be met, either by a constant percentage increase per year (between 21% - 26%) or by adding a constant nominal amount to the basic wage each year (R1,800 has been demanded). The latter is what AMCU is currently demanding.[19]

In order to meet the demand of a *basic* wage of R12,500 (after a series of increases over a period of four years) high increases per year on basic wages are needed. However, increases to other aspects of the package only rise in line with inflation, at 6% (this does not apply to the holiday allowance / 13th cheque and Lonmin's attendance allowance which rise in line with the increases to the basic wage). In addition, increases to the remuneration of those who are already more highly paid would be considerably lower (with demands for increases to C Level basic wages only 8.5%, 8%, 7.5% and 7.5% over the four years). C Level workers already earn above the R12,500 demand, with the most skilled workers earning considerably more. This means that when the overall increases to the total package across all three wage bands are considered the yearly percentage increases to the overall cost to company range between 13% and 15% (Table 3), well below the 30% to 40% year-on-year increases claimed by the platinum producers.[20]

Table 3 - Percentage Increases to Total Wage Bill given the Increases to Individual Wage Bands based on AMCU Wage Demands

Increase of Overall Wage Costs (A, B, C Bands) Assuming R1,800 is added to the basic wage of A and B level each year								
Company	Y1 2013/14	Y2 2014/15	Y3 2015/16	Y4 2016/17	Average	Total	Inflation 6%	Inflation 7%
Amplats	16.5%	14.3%	12.6%	11.4%	13.7%	67.0%	26.2%	31.1%
Implats	18.4%	15.7%	13.7%	12.2%	15.0%	74.6%	26.2%	31.1%
Lonmin	16.5%	14.3%	12.6%	11.4%	13.7%	67.1%	26.2%	31.1%

Increase of Overall Wage Costs (A, B, C Bands) Assuming constant % increase to basic wage each year								
Company	Y1 2013/14	Y2 2014/15	Y3 2015/16	Y4 2016/17	Average	Total	Inflation 6%	Inflation 7%
Amplats	13.3%	13.6%	13.9%	14.3%	13.8%	67.7%	26.2%	31.1%
Implats	14.1%	14.6%	15.1%	15.6%	14.8%	73.9%	26.2%	31.1%
Lonmin	12.8%	13.1%	13.4%	14.0%	13.3%	64.9%	26.2%	31.1%

Source: Calculated using Company Data (provided to AMCU)

[19] See section four of the full report for a more detailed explanation of the two scenarios.
[20] Platinum Producers, "Producers' Offer Remains on the Table," Platinum Wage Talks, (March 4, 2014), http://www.platinumwagenegotiations.co.za/assets/downloads/latest-news/2014/2014-03-04-platinum-statement.pdf.

3. A counterfactual on affordability

If we take a counterfactual example and use the previous fourteen years as a yardstick to judge affordability, then we are able to compare the *extra* expense incurred by wage demands against four years worth of previous average distribution of surpluses to shareholders. Hypothetically, could the relative share of value added have been switched to favour higher wages and lower distributions to shareholders? And if so how dramatic would the shift be?

Even without these wage negotiations, we can assume wages would increase each year in line with inflation. This means the *extra* expense is the difference between the costs of the AMCU demands and inflation-adjusted wages over the next four years.[21] This is shown in Table 4a in real terms (2013 Rands), for both wage increase projections mentioned above.

Table 4a - Total Cost to Company of Increases for Next 4 Years (Millions of 2013 Rands) based AMCU Demands

Increases over 4 Years in Real Terms (2013 Rands Millions) Assuming R1,800 is added to the basic wage of A and B level each year				
	Demand	**Inflation**	**Difference**	**Average Yearly**
Amplats	R 30,871 million	R 25,370 million	R 5,501 million	R 1,375 million
Implats	R 20,867 million	R 16,610 million	R 4,257 million	R 1,064 million
Lonmin	R 22,905 million	R 18,824 million	R 4,081 million	R 1,020 million

Increases over 4 Years in Real Terms (2013 Rands Millions) Assuming constant % increase to basic wage each year				
	Demand	**Inflation**	**Difference**	**Average Yearly**
Amplats	R 30,289 million	R 25,370 million	R 4,919 million	R 1,230 million
Implats	R 20,270 million	R 16,610 million	R 3,661 million	R 915 million
Lonmin	R 22,628 million	R 19,168 million	R 3,460 million	R 865 million

Source: Calculated using Company Data (provided to AMCU)

We compare these extra expenses to four years of average dividends, wages and profit over the previous fourteen years, in Table 4b. The wage demands come to just 18%-20% of Amplats' average annual distribution to shareholders, 19%-20% of Implats' and 46%-

[21] We note that wage increases made over these four years would have a lasting impact on the long-term wage bill for the producers because further inflationary increases in the following years would be made off a higher base than if the demanded increases had not been instituted now. Following the same logic described here, we could compare the distribution of surpluses over the last fourteen years to an estimated wage bill for the next fourteen years (assuming the demanded increases are instituted for the first four years and inflationary increases for the years after that) and then compare this with inflationary increases over the next fourteen years to calculate the "excess" wage cost. However, it is unlikely that no above inflation wage increases would take place for fourteen years and so this counterfactual scenario is difficult to analyse. This said, we did compute the four-year scenario and the conclusions based on our findings were not materially altered.

55% of Lonmin (depending on which method is used). In principle in our counterfactual example, distributions to shareholders could have been decreased in order to cover wage increases.

Table 4b - "Extra" Funds (over and above normal inflationary increases) that Companies Would Need to Find to Fund Wage Increases Compared to Selected Expenditure Items over a Four-Year Period (Millions of 2013 Rands)[22]

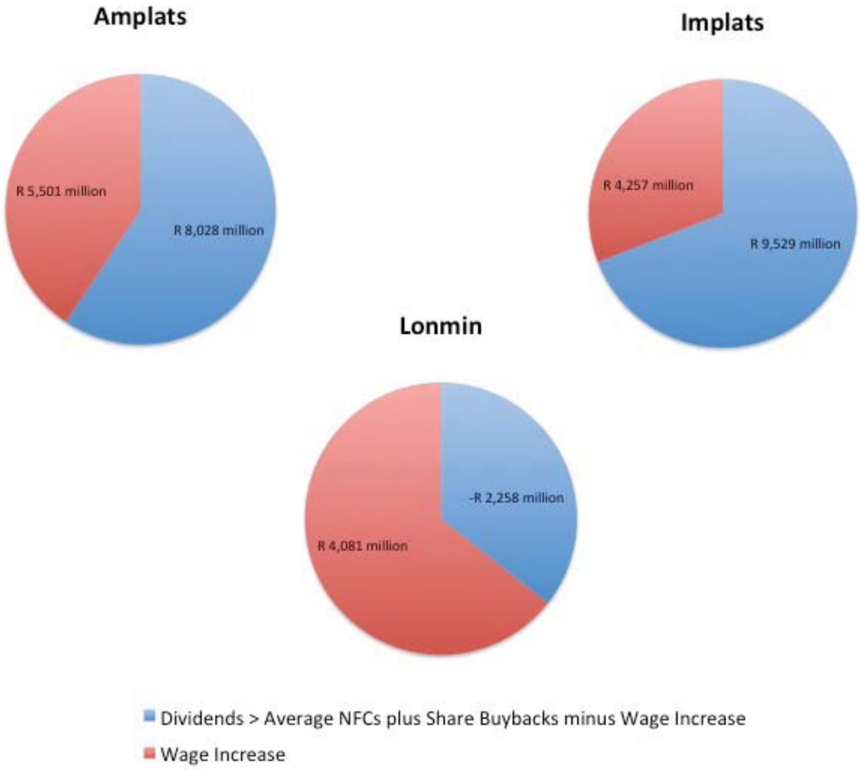
Division of Expenditure Against Labour Increase Demanded Total over 4 years (2013 rands millions)					
		Yearly % Increase		Yearly R1,800 Increase	
	Amplats	**Extra Cost**	**% of Div**	**Extra Cost**	**% of Div**
Dividends	R 27,171 million	R 4,919 million	18%	R 5,501 million	20%
Profit	R 54,824 million				
Labour	R 45,945 million				
	Implats				
Dividends	R 19,647 million	R 3,661 million	19%	R 4,257 million	22%
Profit	R 46,886 million				
Labour	R 23,003 million				
	Lonmin				
Dividends	R 7,485 million	R 3,460 million	46%	R 4,081 million	55%
Profit	R 15,726 million				
Labour	R 18,901 million				

Source: Calculated using Company Data (provided to AMCU and passed onto authors)

Another way of posing the counterfactual is to ask what funds would the platinum producers have at their disposal if they had not engaged in share buybacks and had paid dividends in line with the weighted average for South Africa's non-financial corporations (NFCs) in the economy as a whole (show in Figure 4a). The wage increase could then be compared to these "excess" funds. In other words, if companies had distributed surpluses to shareholders in line with the average for NFCs in the economy what would this mean for the wage increase? The results are show in Figure 5. For Amplats and Implats the pie as a whole represents the total spent on dividends in excess of NFCs weighted average plus share buybacks. The smaller slice is the wage increase, and the larger slice the funds that, even given wage increases, could still have been distributed to shareholders in excess of the NFCs weighted average. For Lonmin, the dividends in excess of the NFCs' weighted average is insufficient to cover the wage increase. The larger slice of the Lonmin pie is the wage increase, the smaller slice is the portion of the wage increase that could not be covered by funds considered to be "excess" dividends and share buybacks.[23]

[22] There was a small data error in this Figure 4b and Figure 5 in an earlier version of the paper.
[23] Recall, as explained above, the dividend amounts used in these calculations are a four year share of what was paid (in 2013 rands) over the fourteen years in our sample.

Figure 5 - “Extra” Funds for Wage Increases as a Share of Dividends Above the NFCs Weighted Average plus Funds used for Share Buybacks (Wage Demands over 4 Years, and Average Distribution to Shareholders in a 4 Year Period) (Millions of 2013 Rands)



Source: Company Accounts, Company Data and SARB Macroeconomic Timeseries

The reality of the situation is more complicated than our counterfactual, because dividends vary according to profitability (with large pay-outs some years and nothing in others) while wages are a recurring cost which must be met from cash flow. Furthermore, uncertainty over the platinum price, global demand conditions, ore grades and cost of production cast doubt on whether the boom of 2000-2008 can be repeated, although global demand is presenting very strong. Other avenues for sharing the benefits derived from commodity booms and creating greater stability in the sector, may need to be explored.

4. Broader Concerns

The wider debate the strike should be spurring is one concerning how best to harness our mineral resources to the benefit of both the workers and the country as a whole. This requires both fiscal intervention and industrial policy.

There is no reason why gains during a commodities boom should predominately benefit mining executives and shareholders. A sensible approach would be to impose a Resource

Rent Tax (RTT). This means that profits earned above a fair rate of return (15% has been proposed as providing a reasonable margin above the risk free rate) would be heavily taxed. Royalties, which tax output irrespective of profitability, could be reduced. This allows companies to comfortably remain profitable while windfall profits can accrue to a sovereign wealth fund that can be used for skills and mining development, regional development and fiscal stabilisation during downturns. This is one of the many sensible recommendations in the ANC's, seemingly abandoned, 2012 discussion document *State Intervention in the Mining Sector* (SIMS).

A "living wage" is a moral necessity but some level of mechanisation is a likely outcome of growing labour costs. Mechanisation is not necessarily bad for South Africa so long as it is managed. What is needed is coherent industrial policy that harnesses South African mining for broad-based, job creating industrial growth. This can be done via forward linkages, like downstream mineral beneficiation, backward linkages, crucially building a capital goods sector to supply mines, knowledge linkages, for example investing in R&D, and spatial linkages, such as using mining infrastructure for the benefit of those nearby. In this way the mining sector can generate an industrial structure that can create jobs and transform and sustain itself even after the mineral deposits are depleted.

5. Conclusion: An Orderly Restructuring

What the strike throws into sharp relief is the need for both improved wages and conditions and a managed, orderly restructuring of the sector. An unmanaged transition to higher wage structures could involve foreign imports of equipment and a chaotic sell-off of marginal mines. Such a disorderly restructuring could mirror the chaotic restructuring of the gold industry in the 1990s that led to a precipitous decline in investment, gold extracted and employment on the mines which has not abated despite a booming gold price from 2005 onwards.

Government needs to intervene not only to find a fair resolution to the strike but also to chart a way forward for the sector as a whole. Mining capital must be forced to play ball. The public debate needs to take greater cognisance of all the facts, with a long-term view in mind, and deal with the broader issue of how best to manage our mineral resources to ensure all enjoy in the benefits they bring.

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