



## Case study: Towards collective bargaining – the view of the group and a comparison between South Africa and Ghana

In 2007 AngloGold Ashanti participated in collective bargaining over wages and working conditions in both South Africa and Ghana. These are the two countries where the company employs the largest numbers of people – some 61% of the company's global workforce in South Africa and 12% in Ghana. The two sets of negotiations offer contrasting experiences. Specifically, the experience in South Africa, where relationships are a product of decades of interaction, is indicative of the company's commitment to collective bargaining relationships around the world. The company's goals in this respect are well captured in the collective bargaining clause of the Fundamental Rights Conventions of the International Labour Organization (ILO). The Ghana experience illustrates a developing relationship in labour relations and collective bargaining for AngloGold Ashanti.

### **Industrial relations and collective bargaining in South Africa**

After the founding of the National Union of Mineworkers (NUM) in 1982, representing for the first time the majority of disenfranchised black mineworkers, and a period of adversarial relationships between the NUM and management, a bitter, three-week industry-wide mining strike followed in 1987. This event, involving the new union under the leadership of James Motlatsi (now AngloGold Ashanti deputy chairman) and Cyril Ramaphosa, was a landmark in labour relations in the industry and in the country as a whole. Leading the negotiations on behalf of the mining industry employers was Bobby Godsell, then Anglo American labour

relations adviser and until recently the CEO of AngloGold Ashanti. The deal that was brokered and the way in which it was done set the scene for an evolution of industrial relations in South Africa.

Consequently, at AngloGold Ashanti in South Africa today, almost every aspect of the company's operations is guided or influenced by union/management co-operation. Where conflict or potential conflict exists, as in wage negotiations, mutual historical experience is an influence on all parties towards settlement.

Generally, the union/management relationship is regulated by recognition and other agreements entered into at company and operational level. However, bi-annual wage negotiations in the gold and coal mining industry have historically been undertaken at a central level, with the industry having mandated the Chamber of Mines to engage on its behalf, and the major unions – the NUM, United Association of South Africa (UASA) and Solidarity. From the outside, it may appear that parties only engage with one another in the so-called wage negotiation season in May/June on an annual or bi-annual basis (in the case of two-year wage agreements). In reality, there is frequent communication among them, and the relationships are mature and sufficiently developed to seek fair and mutually acceptable outcomes.

In mid-2007 for example, the major gold mining companies AngloGold Ashanti, Gold Fields and Harmony signed the 2007/2009 wage agreement with the three trade unions negotiating on behalf of gold mining workers, NUM, UASA and Solidarity. The agreement followed nearly three months of negotiations and included smaller working parties dealing with specific issues of contention. While neither the employers nor the unions achieved all they had set out to achieve, all agreed the outcome struck a balance between employee and employer expectations and the long-term viability of the industry, while taking into account the cyclical nature of the industry and declining production levels.

### **AngloGold Ashanti and collective bargaining**

AngloGold Ashanti is committed to upholding the Fundamental Rights Conventions of the International Labour Organization (ILO) and seeks to instill and adopt fair labour practices in all the jurisdictions in which it operates. A key element of this fair labour practice ethos is the right to freedom of association and collective bargaining. The ILO Right to Organize and Collective Bargaining Convention (No. 98), 1949 describes collective bargaining as “voluntary negotiation between employers or employers’ organisations and workers’ organisations, with a view to the regulation of terms and conditions of employment by collective agreements.” In addition, the company has a global agreement with International Federation of Chemical, Energy, Mine and General Workers Union (ICEM) on the promotion and implementation of good human and industrial relations at its operations around the world.

## Case study: Towards collective bargaining – the view of the group and a comparison between South Africa and Ghana *continued*

### **Wage negotiations in Ghana**

Ghana has a long history of trade unionism, born out of that country's transition to independence. A relatively high level of unionisation (estimated at 74% amongst the country's formal sector) masks the fact that, as there is a low rate of formal sector employment and a large informal sector, in reality union membership is low. The Trade Union Congress (TUC) Ghana is the umbrella trade union organisation in the country. While the Industrial Relations Act of 1965 recognised the TUC as the sole representative of the trade union movement in Ghana, the new Labour Act gave rise to trade union pluralism in the country, with a second union, the General Manufacturing and Metal Workers (GMMW) (which is an affiliate of the Ghana Federation of Labour), making its appearance. There are some members of the latter at Iduapriem mine although the majority of unionised AngloGold Ashanti employees are represented by the TUC.

The relationship between the former Ashanti Goldfields and Ghana trade unions was long and established, and relied to a great degree on personal relationships and leadership. The advent of AngloGold Ashanti as the owner of the company's Ghana operations in 2004, and a changing corporate and management structure during the three years since the business combination, has had an impact on relations between the parties. It became apparent in the latest round of negotiations that there are insufficient formal structures in place to facilitate contact, and there is a lack of sufficient trust. The consequences of the differences between the relationships can perhaps be illustrated by the course of the 2007 wage negotiations.

Negotiations began on Friday 27 April and reached an impasse on 9 July 2007. While management made a final offer of a 9.5% increase, the union revised its demand to 16.5%, from a starting point of 18.5%. Having referred the matter to the National Labour Commission for mediation in July 2007, the unions, representing approximately 4,600 workers, threatened to embark on industrial action should their wage demands not be met. In an effort to resolve the matter, the National Labour Commission enforced an unprecedented process of compulsory arbitration and, in August, announced an 11% wage increase for unionised workers.

In commenting on its ruling the Commission indicated that it was mindful of the challenges that confront corporate entities regarding the need for internal equity versus external competitiveness in the design and administration of their compensation, and at the same time it took into consideration inflation in the country (around 10.4% in 2006) which has had an impact on employees. All the parties accepted the outcome of the Commission without appeal.

While AngloGold Ashanti was pleased to have reached a settlement, the company is striving to develop a framework within which sound collective bargaining can flourish. At the same time efforts are ongoing to foster constructive relationships with unions that would enable all parties to participate fully in voluntary collective bargaining without resort to third party resolution.

Many of these initiatives, by their very nature, are medium- and long-term. For the immediate future, however, AngloGold Ashanti has already engaged in discussions with the unions on the way forward for the 2008 negotiations.



Obuasi, Ghana

### **Operating around the world**

In two of the countries in which it operates – Australia and the USA – employees have elected not to be unionised. AngloGold Ashanti is satisfied that the statutory protection offered by labour legislation and the constitutions of those countries support basic labour rights enshrined in the applicable ILO instruments. In other areas of operation, the company has relationships with representative trade unions.

Additionally, as the group enters new areas of operation, it faces further challenges and opportunities of operating in new jurisdictions. AngloGold Ashanti believes that its tradition of developing robust and constructive relationships and structures for collective bargaining with trade unions internationally will stand it in good stead, and will guide the company in its interactions.