

# Amcu beweer bende vermoor sy lede

**Susan Cilliers**

Mynwerkers is gister uit verskeie oorde gevra om die moord van getuies voor die Farlam-ondersoekkommissie te help stopsit te midde van vrese dat 'n moordbende dalk hiervoor verantwoordelik is.

Dit is gedoen nadat Steve Khululekile, 'n streekorganiseerder van die vakbond Amcu, Saterdag koelbloedig in die Nkaneng-nedersetting naby Marikana in Noordwes doodgeskiet is. Hy is vier keer geskiet nadat gemaskerde mans die kroeg waarin hy was, binnegestorm het.

Khululekile is die derde mens wat voor die Farlam-kommissie sou getuig wat sedert Oktober verlede jaar vermoor is.

Tshepo Mahlangu, woordvoerder van die Farlam-kommissie, wat die Marikana-slagting in Augustus verlede jaar ondersoek, het gister gesê Khululekile sou 'n belangrike getuie gewees het. Hy het glo 'n groot rol gespeel in die reëling van die mynwerkerstaking. 44 mense het in die welange geweld gesterf.

Mahlangu het gesê die kommissie is bekommerd dat die moord op getuies hul taak kan bemoeilik om agter die waarheid te kom. "Elke getuie is belangrik."

Joseph Mathunjwa, Amcu se president, het mynwerkers gister gevra om moorde op hul kollegas te help stopsit. **Sapa** berig Mathunjwa het in 'n verklaring wat namens hom aan die Farlam-kommissie in Rustenburg voorgelees is, gepleit dat "te veel reeds gesterf het."

Mathunjwa het gesê Khululekile was 'n goeie en hardwerkende leier, maar dat sommige mense nie gehou het van sy werk vir die vakbond nie.

Gaddafhi Mdoda, 'n taksekretaris van Amcu, het volgens **Sapa** gesê sluipmoordenaars word vermoedelik gehuur om Amcu-lede te vermoor.

Tweelingbroers is in nog 'n voorval Saterdag ook koelbloedig in hul hut in die Nkaneng-nedersetting doodgeskiet omdat hulle nie inligting kon verskaf oor iemand na wie die moordenaars gesoek het nie. Dis nie duidelik of hulle Amcu-lede was nie.

Brig. Thulani Ngubane, kommunikasiehoof van die polisie in Noordwes, het gister gesê dis te gou om oor 'n moordbende te bespiegel voordat die onderskeie ondersoeke na die moorde op dreef is.

# Mine strikes hammering SA platinum production, says survey

ALLAN SECCOMBE

Resources Editor

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MINED platinum supply fell to its lowest level in 12 years during 2012, pushing the market into a small deficit, largely because of strikes in SA, the world's largest source of the metal.

A leading authority on the platinum market, London-based Johnson Matthey, said platinum shipments from SA fell by 16% to 4.1-million ounces, a drop of 750,000oz.

This left the global market in a deficit of 375,000oz, with primary or mined platinum supply at its lowest level in 12 years at 5.64-million ounces, Johnson Matthey said in its 2013 platinum survey released yesterday.

"South African supply of platinum fell to its lowest since 2001 last year as a result of strikes, safety stoppages and mine closures, but there are no definite prospects of significant recovery in output in 2013," it said.

"Some of the smaller platinum mining operations were closed last year; in 2013 a substantial amount of capacity is due to be shut down," it said.

The bulk of SA's large platinum miners were brought to a standstill by unprotected and violent strikes in which about 50 people were killed last year.

South African platinum producers are coming under tremendous pressure from a variety of issues, with two-thirds of platinum mines operating at a loss and forcing companies to cut jobs and output of platinum group metals.

Strikes reduced production by 600,000oz last year, "compounding the pressure being felt by South African

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Lonmin, AngloGold: page 13

# Mine strikes hammering SA platinum production – survey

mining companies from above-inflation labour and energy cost increases, falling productivity and torpid dollar platinum group metal prices,” Johnson Matthey said. The platinum price averaged \$1,552 last year, \$169/oz lower than in 2011.

Safety stoppages cost 70,000oz.

“These adverse factors began to make themselves felt in the form of mine closures, with three of the

smaller mines in SA and one tailings reprocessing plant ceasing to operate, in all taking around a further 60,000oz out of play in 2012,” Johnson Matthey said.

The world’s top platinum producer, Anglo American Platinum (Amplats), last week proposed cutting 6,000 jobs and output capacity by 350,000oz in three to five years.

“The industry is in a lot of trouble,” Amplats CEO Chris Griffith said on Friday.

Simon Scott, acting CEO of world number three producer, Lonmin, said firms may have little choice but to cut production further.

“If we as an industry see significant wage increases in the middle of the year, there will be no option for those at the top of the cost curve than to take out that production not making money,” he said.

Impala Platinum has warned of a growing number of loss-making or marginal shafts, and analysts expect

it also to announce a restructuring.

The industry woes are reflected in share prices, with the JSE platinum index down about a third so far this year. Implats gave up 37% of value and Amplats 31%.

Tito Mboweni, former Reserve Bank governor and now chairman of AngloGold Ashanti, said yesterday the labour dispensation put in place from 1994 is “beginning to suffer under a bit of strain. The strikes we saw last year starting in the platinum

sector and spreading to the gold and other sectors is really a manifestation of that strain.”

Johnson Matthey expects SA to sell about as much platinum this year as last year’s 4.1-million ounces, but much depends on the labour situation. “We anticipate tough negotiations. On one side there’s an expectation of double-digit increases and on the other side there isn’t the ability to pay those increases.”

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# Amcu draws line in sand on Amplats' jobs plan

*Union raises ante for ambitious bid to restructure ailing industry*

**NATASHA MARRIAN**

Political Editor

THE Association of Mineworkers and Construction Union (Amcu) yesterday drew a line in the sand over Anglo American Platinum's (Amplats') planned job cuts, warning the platinum giant of a fierce battle ahead.

Amcu, which is now the dominant trade union on SA's platinum mines, said it would fight the cuts through "all available avenues", within the law.

The militant union's opposition will raise the stakes for the Amplats plan, which could be caught in the crossfire of inter-union rivalry. This could make it more difficult to push through the restructuring, with grave consequences for the company and SA's embattled platinum industry.

The warning, by Amcu president Joseph Mathunjwa yesterday, came after a weekend of inter-union tensions on the Rustenburg platinum belt.

Amplats' announcement on Friday that it would trim its planned job cuts from 14,000 to 6,000 appears to have fuelled the labour tensions. The National Union of Mineworkers (NUM), which Amcu displaced in the aftermath of the killing of 44 people at Marikana in August, also opposes the Amplats plan.

A key Amcu organiser was shot

and killed by unidentified attackers on Saturday and an NUM shop steward and his brother died in a shooting incident on Sunday.

Mr Mathunjwa complained yesterday that despite being the majority union at Amplats, Amcu had been sidelined in discussions on the restructuring process, a claim that Amplats denies.

Amcu said it had yet to be informed of the reduction in retrenchments, which the miner denies — saying the union was present at a meeting with the Department of Mineral Resources.

Mr Mathunjwa said "one job lost was one too many".

Workers could not be told that factors such as the price of and demand for platinum had hit companies hard, when CEOs earned R22m a year, he said. Retrenching just one senior executive would save jobs, he said.

"Whether it is 6,000 or one, Amcu believes that one job lost is one too many ... we will use all avenues, in the ambit of the law, to fight it," he told journalists at a media briefing in Sandton.

Mr Mathunjwa, who was accompanied by a security detail, used the briefing to appeal to workers to remain calm after the murder of key Amcu organiser Mawethu Joseph Stevens at the weekend.

Mr Stevens, who joined Amcu after being expelled from the NUM in 2011, was a key player in

the recruitment of thousands of workers in Rustenburg, elevating it to dominance in Amplats, Lonmin and Impala Platinum.

"No one take revenge.... Let the police do their work. Let peace prevail," Mr Mathunjwa said. He said there were no plans for strikes at Lonmin — where Mr Stevens previously worked — to show solidarity with the deceased.

He said that workers who had gathered at Wonderkop earlier yesterday, near the site of last year's killings, had dispersed.

Mr Mathunjwa called for justice to take its course.

The homes of Amcu branch leaders had also been ransacked overnight, but most were warned to remain vigilant after Mr Stevens's death and opted to stay away from their residences.

Mr Mathunjwa stopped short of blaming the NUM for the killing, but urged respect for the rights of workers to freely associate.

"People should not be killed for exercising their right to associate or disassociate," he said.

NUM spokesman Lesiba Seshoka yesterday said a member of his union was shot and killed on Sunday, along with his brother, who was not a union member.

Mr Seshoka said while Amcu appealed for calm, it indirectly blamed the NUM for the death of their organiser. The union had heard that workers may down tools today, he said.

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**David Holland  
and Brian Kantor: page 11  
David Gleason: page 12**

# Conduct of Lonmin lawyer questioned

**INQUIRY** | Concerns were raised yesterday about the conduct of Lonmin lawyer Schalk Burger in the inquiry into last year's fatal shooting of mineworkers in Marikana, North West. "They say they (Lonmin representatives) are assisting police witnesses," advocate Dali Mpofu said. Tholoana Motloenya, part of the team representing the families of the dead miners, said her clients felt the same way. Staff Writer

**I** SEE the National Credit Regulator has been galvanised into action since the Marikana tragedy exposed serious shortcomings in the application of the law governing lending practices in SA. Over-indebtedness may not have been the primary cause of the wildcat strikes in the platinum belt last year, but it certainly added to the desperation that drove the mineworkers to put their lives at risk.

According to a statement from the regulator last week, “Operation Blitzkrieg” targeted Thohoyandou in Limpopo and resulted in the arrest of nine lenders who were contravening the National Credit Act by, among other things, charging excessive interest, retaining clients’ IDs and bank cards and obtaining fraudulent garnishee orders.

The latter practice has emerged as a major obstacle to tackling the social problems caused by the unsecured lending boom and one that needs to be addressed urgently if the threatened bubble is to be deflated gradually rather than allowed to burst.

As many as seven out of every 10 unsecured loans granted in some areas of the country have been found to have gone to borrowers who were already in over their heads. At the end of last year, 47% of credit-active consumers — more than 9-million people — had impaired records, an increase of almost 100,000 individuals a year earlier.

Those are scary enough figures in themselves, but the situation is even more worrying when you consider that the major burden of administering all those garnishee orders falls on small and medium enterprises, many of which are already struggling. I have heard of small business owners who are offering their employees zero-interest loans on condition that they sign a contract undertaking not to take on any other debt, so desperate are they to avoid being landed with additional garnishee responsibilities.

Perhaps as part of its efforts to defuse the unsecured lending time bomb, the government could consider providing tax incentives to companies that help employees manage their personal finances better.

## Platinum mining David Holland and Brian Kantor

# Thinking in the same old way will not rescue this industry

**B**EHAVIOURAL studies have shown that humans exhibit a strong anchoring tendency. When the world changes, they remain anchored to the one they know instead of adapting to the new order. Evidence of this behaviour is ubiquitous when parsing through government and labour comments about the ability of mining companies to pay more or hire more workers. This is undoubtedly a reason for delay and lack of resolution in discussions between the government, organised labour and Anglo American Platinum about the company's need to reduce costs and investment.

We would like to take a step back and assess how profitable platinum miners are, and calculate the expectations embedded in their market prices. Once we understand those expectations, we can focus on the best way forward.

The platinum industry has been one of great hope and now disillusionment. We aggregated the historical financial statements of the five largest South African platinum miners (Anglo American Platinum, Impala, Lonmin, Northam and Royal Bafokeng) and calculated the inflation-adjusted cash flow return on operating assets (CFROI), which is the real return on capital for the industry. From 1992 to 1997, platinum miners were generating an unattractive return on capital, which slumbered below the cost of capital. The years 1999 to 2002 provided the first wave of extraordinary fortune for platinum miners. The real return on capital exceeded 20%, making it one of the most profitable industries in the world at that time (the average CFROI for global industrial and service companies is 6%). The rush to mine platinum and build company strategies around this effort was on.

The second wave of fortune occurred during the global commodities "super cycle" from 2006 to 2008. Again, platinum mining became one of the most profitable businesses in the world. The good times ended abruptly with the onset of the Great Recession in 2009, and platinum miners saw their real

return on capital drop to 1% — much less than the cost of capital, or the return required to justify committing further capital.

Firms or sectors that prove unable to satisfy their cost of capital decline, while firms that beat their cost of capital are encouraged by shareholders to expand.

The 2012 CFROI in the platinum sector of SA's economy was a miserable -0.6%, the lowest return on capital since 1992 when our calculations on realised returns in the sector begin. Suffice to say, platinum miners aren't producing sufficient returns to satisfy shareholders or the marketplace to support their operations. This has resulted in unavoidable cost-cutting, lay-offs and deep cuts to capital expenditure plans. These are natural economic consequences when a business is destroying economic value by not meeting its cost of capital.

And what does the future hold? We've

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### **'In a nutshell, SA's platinum miners are destroying value and are expected to continue to do so'**

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taken analysts' expectations for this year and next and estimated the real return on capital. It remains very poor, at a value destructive level of 0% for this year and a depressed 3.4% until 2017. There is no hint of a return to superior profitability in the share prices of platinum miners. The market has them valued to continue to realise a real return on capital of less than 6%, which is the average real return on capital for industrial and service firms throughout the world.

In a nutshell, SA's platinum miners are destroying value and are expected to continue to do so. They are in a dire state. To survive, they have to reduce costs. Demands for wage increases that far exceed inflation cannot be fulfilled. These demands are anchored to a past that no longer exists. The tragedy for the workers, who are bound to lose their jobs, is that there is no alternative employment to provide them with similar rewards.

All parties should focus on what is economically feasible. A wage freeze, reduced hours or some form of deferred pay are called for to minimise the pain. The workers and the unions, already subject to retrenchment and poor job prospects would surely be wise to focus on job retention, rather than gains in real employment benefits. Improved benefits will go to even fewer surviving workers. We think there is another way that makes economic sense for all stakeholders, not least the government and the revenue service, which share fully in the profits and wages earned. Co-operation is urgently called for. In normal circumstances, it is sensible for employees of a failing firm not to sacrifice present benefits to keep their employers going. Ordinarily, they can expect to find equally well-paid work with another firm. After all, skilled — or even less skilled but experienced — workers are a valuable scarce resource in a well-functioning

economy that is close to full employment. Unfortunately, this does not describe SA's labour market.

Moreover, most workers prefer fixed predictable rewards to variable income. The risks of variable incomes are borne by shareholders and, to a degree, managers with bonuses linked to the company's performance. If a failing firm is unable to offer market-related benefits to its employees or indeed its owners, it deserves to fail and the scarce resources it was employing and in effect wasting could be transferred to other firms capable of employing them more productively.

In the case of platinum and gold miners in SA, the prospect of alternative employment with similar benefits is bleak. Workers would be well advised to settle for less, especially now, and hope to make it up later should the prospects of the industry and its productivity improve. Deferred pay is an inventive com-

promise where present pay sacrificed is exchanged for shares or options on shares to be realised in the future. It would then be in all parties' best interest for productivity and return on capital to improve. If these cost savings were made or even expected to be realised, the shares the workers owned in the industry, exchanged for lower pay, would appreciate significantly. Sacrifices made now to hold on to jobs could be more than made up in the share market.

Unless the industry can beat its cost of capital, its value to all stakeholders will surely decline further and its prospects deteriorate — perhaps even to the point where nationalising the industry with full compensation might seem realistic. It may cost relatively little to take over a failed industry. Nationalisation, however, will not solve the problem of poor labour relations and the decline in the productivity of both labour and capital. It would simply mean that taxpayers, rather than shareholders who will have lost so much, carry the can for the failures of management and unions that must share the blame. The government has many alternatives and much better uses for tax revenues than to subsidise the already well-paid workers in a difficult, capital-intensive industry that is likely to realise poor returns.

The unions might think, correctly, that management subject to the discipline of taxpayers rather than shareholders would be a softer touch. The government and taxpayers should be wary of signing a blank cheque. All parties need to focus on what is economically feasible. By taking stock of the poor economic performance of the platinum mining industry and its depressed expectations, all parties can negotiate from a shared set of financial and economic facts. These are difficult times and creative approaches are needed. All parties need to be anchored in the right bay, signalled by today's reality and expectations.

*Holland is an independent consultant and senior adviser to Credit Suisse. Kantor is chief strategist and economist with Investec Wealth and Investment.*

# Lonmin increases full-year production forecast

*But platinum miner is wary that upcoming wage talks with unions will be difficult*

ALLAN SECCOMBE

LONMIN, the world's third-largest platinum miner, has raised its full-year production forecast as its operations perform more strongly than expected after last year's strike.

The London- and Johannesburg-listed miner posted platinum sales of 326,142oz, which was 2.4% higher than a year earlier, in the six months ended March.

Pre-tax profit came in at \$54m compared with \$18m.

A \$34m tax credit helped it turn to a \$88m net profit from a loss of \$34m in the corresponding six months last year.

The operational performance has been strong enough in the first half of the year to prompt Lonmin to raise its full-year platinum production expectations to more than 700,000oz from 680,000oz.

It is not immediately clear whether all those additional ounces will reach the market, with Lonmin maintaining its sales forecast at 660,000oz. At the start of

| Half Year        | 2013 | 2012  |
|------------------|------|-------|
| Revenue (\$m)    | 735  | 751   |
| Pretax (\$m)     | 54   | 18    |
| Net Income (\$m) | 88   | (34)  |
| EPS (c)          | 13.3 | (6.3) |
| Dividend PS      | —    | —     |

the year, Lonmin had said the difference between the 680,000oz and 660,000oz was to refill its processing pipeline that was run down during last year's strike.

The reason for this is the collapse of the roof of Lonmin's new No 2 furnace last month at a time when its No 1 furnace was shut for scheduled maintenance.

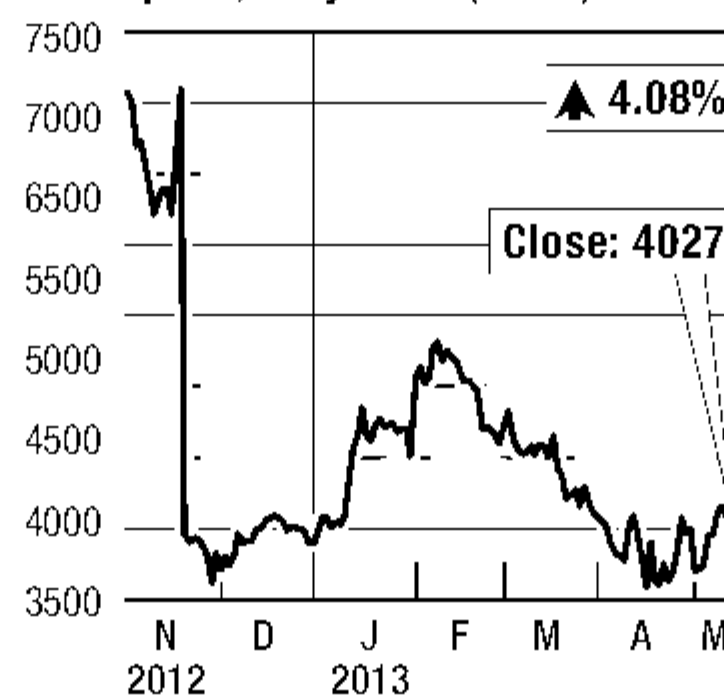
Lonmin has brought forward the restart of No 1 furnace to next month to begin processing concentrate. The miner at present is using its three smaller Pyromet furnaces to treat concentrate, but these can treat only about half of production capacity.

The big cloud hanging over Lonmin, much like its peers in the platinum, gold and coal sectors, is the forthcoming wage negotia-

## SOLID INTERIM RESULTS

### LONMIN

Share price, daily close (cents)



- Lonmin reports interim platinum sales of 326142oz

- Raises full-year output forecast to more than 700000oz

- Maintains sales forecast at 660000oz

- To speed up commissioning of Number One furnace

- Has net cash of \$194m

Graphic: SHAUN UTHUM Source: I-NET BRIDGE

tions, as well as unsettled labour relations on platinum mines around Rustenburg.

"We anticipate tough talks," said CEO Simon Scott. "One side expects double-digit increases and the other side doesn't have the ability to pay those increases."

Nick Hatch and Rob Broke

from Westhouse Securities said Lonmin had performed well.

"This was a solid operating performance resulting in an upgrade to forecast mine production, but, significantly after the smelter problem reported recently, no change in sales guidance.

"Lonmin is now entering wage

talks ... and disruptions are possible in the next few months."

The Association of Mineworkers and Construction Union has taken Lonmin to the Commission for Conciliation, Mediation and Arbitration to back its demand to be recognised as the majority union.



# Slain Amcu witness received death threats – claim

AN Association of Mineworkers and Construction Union (Amcu) organiser received death threats before he was killed, the union has said.

“He become a thorn to those who are opposed to workers’ progress,” Amcu president Joseph Mathunjwa said in Johannesburg yesterday.

“Numerous threats were directed at him, but he was never shaken.”

Mawethu Steven, 46, was shot dead on Saturday while watching soccer on television at a tavern in Photsaneng.

“We are shocked and saddened by the unfortunate death of our North West regional organiser.

“We... call on all our members during this difficult and emotional time to remain calm and allow the law to take its course.”

Mathunjwa said violence was destructive. “Violence deprives us of all the gains... fought for by our heroes and heroines in achieving the democracy we today enjoy in South Africa.

“Freedom of association is what we

fought for in the new democratic SA. People should not be killed for exercising their right to associate or disassociate. Let peace prevail.”

Mathunjwa denied Steven had been vocal in calling for an elective conference at which he hoped to challenge him for the presidency of the union.

“Mawethu was an official, not an office-bearer, and as such he was not eligible to contest any position, even a shop (steward’s).”

Mathunjwa said Steven, a former

the National Union of Mineworkers (NUM) ranch chairman at Karee in Marikana, was employed as a regional organiser responsible for Lonmin.

He said Steven had been expelled by NUM in 2011 for speaking out against corruption.

Steven was to give evidence in Rustenburg at the Farlam Commission of Inquiry, which is investigating events during the strike at Lonmin’s platinum mine in Marikana in which 44 people died last year. – Sapa

# Amcu leader received death threats

JOHANNESBURG: A slain Association of Mineworkers and Construction Union (Amcu) leader received death threats before he was killed, the union said yesterday.

“He become a thorn to those who are opposed to workers’ progress,” Amcu president Joseph Mathunjwa told reporters in Johannesburg.

“Numerous threats were directed at him, but he was never shaken.”

Mawethu Steven, 46, was shot dead on Saturday while watching soccer on television at a tavern in Photsaneng, he said. “We are shocked and saddened by the unfortunate death of our North West regional organiser.

“We will like to call on all our members during this difficult and emotional time to remain calm and allow the law to take its course.”

Mathunjwa called for calm. “Violence deprives us of all the gains... fought for by our heroes and heroines in achieving the democracy we today enjoy...” he said.

“Freedom of association is what we fought for... People should not be killed for exercising their right to associate or disassociate. Let peace prevail.”

Mathunjwa denied Steven had been vocal in calling for an elective conference, where he was set to challenge him for the presidency of the union.

“Mawethu was an official, not an office-bearer, and as such he was not eligible to contest any position...”

He said the former National Union of Mineworkers (NUM) branch chairman at Karee in Marikana was employed as a regional organiser responsible for Lonmin. Mathunjwa said Steven was expelled by the NUM in 2011 for speaking out against corruption.

Steven was due to give evidence at the Farlam Commission of Inquiry in Rustenburg. It is investigating the incidents leading to the killing of 44 people during last year’s wage-related unrest at Lonmin’s platinum mine in Marikana. – Sapa

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# Amcu cries foul over killing

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THE RECOGNITION that the Association of Mineworkers and Construction Union (Amcu) had attained majority membership over the National Union of Mineworkers (NUM) at Lonmin might be responsible for an escalation of tensions and violence between the warring unions.

Following hot on Lonmin's announcement on Thursday, an Amcu official was shot dead at the weekend.

Yesterday Amcu president Joseph Mathunjwa accused Police Minister Nathi Mthethwa and the police of being selective in investigating incidents involving Amcu.

"We are very much concerned about the conduct of some SAPS personnel who are quick to arrest Amcu members for whatever allegations of intimidation [are] allegedly directed at NUM members while on the other hand [they] are reluctant to do so when Amcu members report similar incidents against NUM members,"

Mathunjwa said.

The NUM and Amcu have been involved in a war of attrition in the platinum belt over membership and recognition for collective bargaining rights.

Lonmin announced last week that its union membership profile had changed over the past 12 months, with Amcu rising meteorically to now represent 70 percent of the unskilled workers in categories four to nine, which constitutes the bulk of the workforce.

In another incident, the the National Union of Metalworkers of SA (Numsa) reported its headquarters in Johannesburg had been attacked in the early hours of yesterday morning.

It was not clear whether the incident was related to Numsa's backing of Cosatu general secretary Zwelinzima Vavi, who is reportedly under attack from affiliates for selling the old Cosatu house below the market rate.

– Wiseman Khuzwayo

# Lonmin expects no centralised wage talks

## Company returns to profit

**Dineo Faku**

THE POSSIBILITY of centralised bargaining in the platinum industry was unlikely to materialise this year, Lonmin acting chief executive Simon Scott said yesterday.

Speaking to the media during a teleconference briefing on Lonmin's interim results, Scott said he expected to negotiate wages at company level this year, and not yet through sector-wide bargaining.

"The introduction of centralised wage bargaining in the platinum industry is unlikely this year. That's not to say it won't ever be on the table. It makes a whole lot of sense," Scott said.

The Chamber of Mines had hoped to introduce a centralised bargaining model in the platinum industry after the prolonged violent wildcat strikes in the sector last year. But the idea has not held much sway with the Association of Mineworkers and Construction Union (Amcu), which prefers to negotiate at company level.

"I would like to think that next year or the year after would make sense for the implementation of centralised bargaining," Scott said.

All unions in the mining sector had agreed to collective bargaining with the exception of Amcu, which did not want to participate in centralised talks.

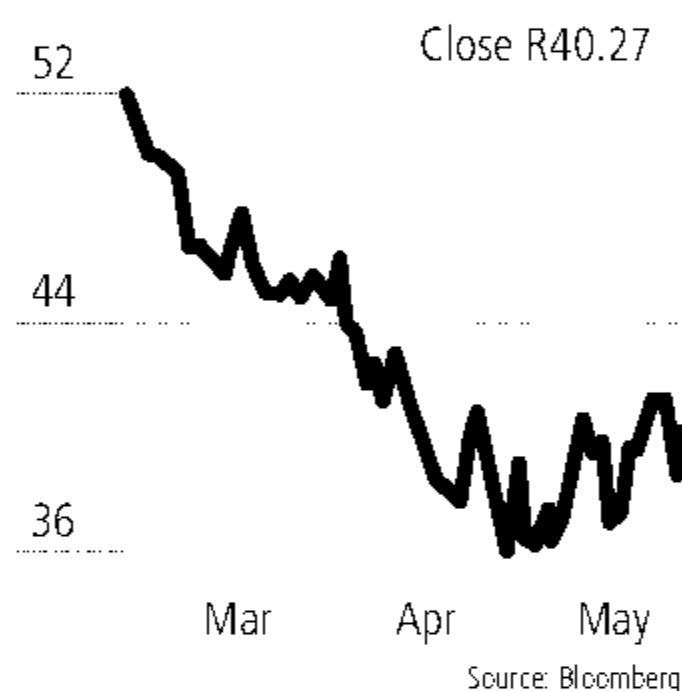
Amcu has recently been reported to have attained the status of majority union at Lonmin, representing 70 percent of unskilled workers in categories 4 to 9, while the National Union of Mineworkers represented 20 percent of workers in those categories.

Lonmin, the third-largest platinum producer, returned to profitability in the first half of its financial year.

As a result of better-than-expected volumes, a marginally improved price for the platinum group metals basket, improved cost management

### Lonmin

Share price, rand **Feb 12-May 13**



and the strong dollar against the rand, the company posted a \$90 million (R819m) profit in the six months to March compared with \$14m a year earlier.

The company produced 366 059 ounces of platinum metal in concentrate and sold 326 142 ounces in the first half of its financial year.

Lonmin planned to produce more than 700 000 ounces of platinum group metals in concentrate this year, compared with the 680 000 ounces it had expected in January.

Mining companies are grappling with increasing input costs, which have risen 14 percent a year since 2007. As a result of wage increases and inflation, Lonmin's rand operating costs increased 8 percent in the first half to R6.3 billion.

Oversupply had been a big challenge in platinum, but Scott said the platinum market deficit for this year was 200 000 ounces, largely due to last year's disruptions because of the wildcat strikes.

Lonmin said its Number Two furnace had been shut since its roof collapsed at the end of last month.

In the meantime, Lonmin had reduced the scope of the rebuild of the Number One furnace and bring it back online sooner to mitigate the impact of the unplanned stoppage.

Lonmin's shares leapt 4.08 percent to R40.27 yesterday.

# Fears rise of Marikana repeat

Graeme Hosken  
and Schalk Mouton

## Residents on edge as rival unions resume hostilities at Lonmin

**M**ARIKANA is a "powder keg" that might explode today because of tensions between members of two rival trade unions.

There are fears that tensions between the Association of Mineworkers and Construction Union (Amcu) and the National Union of

Mineworkers (NUM) could spill over into violence at the Lonmin platinum mine amid threats by Amcu to shut down the NUM's offices.

"It is a serious problem. It is going to inflame emotions. It will be catastrophic. We are expecting a big fight," NUM spokesman Lesiba Seshoka said yesterday.

"I can't see our members watching without a fight as they [Amcu members] are closing our

offices," he warned.

Rivalry between the two unions has been cited as one of the causes of the protracted labour disturbances at the mine, which culminated in police fatally shooting 34 strikers on August 16.

Ten people, including two police officers, were killed on and around the mine in the week preceding the massacre, which is the subject of a judicial commission of inquiry.

Amcu is the majority union on the Lonmin mine – and in much of the country's platinum sector – having supplanted the NUM during last year's labour unrest.

Some observers believe the turf war is being fuelled by a drive to swell membership numbers on the mine, which employs about 16 000 miners.

There have been unconfirmed reports that an illegal strike has

been called on the mine today, but the two unions have denied planning a stayaway.

The rising tensions come after several killings in the area at the weekend.

On Saturday, Mawethu Joseph Steven, the North West regional organiser of Amcu, was shot and killed in a tavern near Rustenburg. Following that, two brothers – of whom one is said to have been an

NUM member – were killed in Nkaneng informal settlement in Wonderkop, near the Lonmin mine, in the early hours of Sunday.

"We are still trying to verify if he [one of the slain men] was one of our members," Seshoka said.

North West police spokesman Brigadier Thulani Ngubane said: "We cannot say whether there are political motivations..."

Fears of more violence gripped Nkaneng yesterday, with some residents worried about a repeat of last year's mayhem.

# Marikana on a knife's edge

## Killing fields bloodied again as tensions reignited

**GRAEME HOSKEN  
and SCHALK MOUTON**

MARIKANA, near Rustenburg, is a “powder keg” that might explode today as tensions rise between members of two rival trade unions.

There are fears that tensions between the Association of Mineworkers and Construction Union and the National Union of Mineworkers could spill over into violence at the Lonmin platinum mine amid threats by Amcu to shut down the NUM offices.

“It is a serious problem. It is going to inflame emotions. It will be catastrophic. We are expecting a big fight,” NUM spokesman Lesiba Seshoka said yesterday.

“I can’t see our members [watching] without a fight as they are closing our offices.”

Rivalry between the two unions has been cited as one of the causes of the protracted labour disturbances at the mine, which culminated in police

fatally shooting 34 strikers on August 16.

Ten people, including two police officers, were killed on and around the mine in the week preceding the massacre, which is the subject of a judicial commission of inquiry.

Amcu is the majority union on the Lonmin mine — and in much of the country’s platinum sector — having supplanted the NUM during last year’s labour unrest.

Some observers believe the turf war is being fuelled by a drive to swell membership numbers on the mine, which employs about 16 000 miners.

There have been unconfirmed reports that an illegal strike has been called on the mine today, but the two unions have denied planning a stayaway.

The rising tensions come after several killings in the area at the weekend.

On Saturday, Mawethu Joseph Steven, the North West regional organiser of Amcu, was shot and killed in a tavern near Rustenburg.

Following this, two brothers — one of whom is said to have been a NUM member — were killed in Nkaneng informal settlement in

Wonderkop, near the Lonmin mine, in the early hours of Sunday.

“We are still trying to verify if he [one of the

slain men] was one of our members,” said Seshoka.

The brothers were gunned down in their shack by assailants who also shot one woman and hacked another in an attack lasting several minutes.

“They were looking for one of our members, and they killed them when they couldn’t find him,” said Seshoka. A teenager escaped and raised the alarm.

North West police spokesman Brigadier Thulani Ngubane

would not comment on the motive for the killings, or speculate whether the Rustenburg and Wonderkop attacks were linked.

“At the moment we are dealing with the cases as separate murders. We cannot say whether there are any political or other motivations behind them.”

On Sunday, as officers neared the scene where the brothers had been killed, unknown gunmen — who are believed to have been lying in wait for police near Wonderkop where a crowd had gathered — opened fire on officers.

“It was an ambush. They knew we were coming and they were waiting for us,” said an officer who responded to the shooting.

Amcu’s president, Joseph Mathunjwa, claimed three Amcu branch leaders in the area had been “hunted” through the night, last night.

“When they arrived this morning to check their dwellings, they found that their doors had been

**‘We are scared. No one knows who’s behind this’**

● From Page 1

broken down. So it shows clearly that they were hunting them," he said, adding that they had no idea who was behind the incidents.

Seshoka said Amcu members beat up about 10 NUM members at Lonmin on Saturday night.

Steven was to have testified before the Farlam Commission of Inquiry into the Marikana massacre.

He is the third witness to have been killed since the start of the commission hearings. In October, Daluvuyo Bongo was killed at Wonderkop hostel. He was to have testified for the NUM. The "Marikana sangoma", Alton Joja, was shot dead in Eastern Cape in March. He was to have testified for the police.

Mathunjwa said he was not aware of a strike planned for today.

# People here are cannon fodder: detective

"The workers [who gathered at Wonderkop on Sunday] dispersed peacefully," he said.

Sue Vey, Lonmin mine spokesman, said they had heard talk of a planned strike — as did miners who spoke to The Times.

"But, at the moment it is nothing more than rumours," said Vey.

Fears of more violence gripped Nkaneng township yesterday, with some residents worried about a possible repeat of last year's mayhem. Detectives investigating the weekend's killings were escorted by heavily armed policemen outside the Lonmin mine

A seamstress from Nkaneng said her husband, a miner at Lonmin's Karee shaft, had told her they had

been warned to stay away from work today. "We are scared. Very, very scared. No one knows what is happening or who is behind this," she said. "People are dying, but no one knows why it is happening."

While a team from The Times was interviewing the woman, we were being watched closely by a man hanging around close by.

"It would be in your own best interest if you leave now," she said. "We are expecting big trouble."

A detective assigned to investigate the killings said the "real and very present danger" came from those behind the killings that preceded last year's massacre.

"There are forces at play here ... the people here are cannon fodder.

The ones calling the shots, driving these murders, are faceless, using the miners to drive their cause."

He said the motives were far more complicated than increased wages. "This is all about money ... money from union memberships .

"We are looking at who is driving this and for ... it is a powder keg, which everyone thought had blown over, but this is far from over."

Asked about the possible strike today and whether additional police would be deployed, Ngubane said police had received no information on a work stoppage.

"Our intelligence forces will guide our response to any form of unrest and law breaking. We can say we will not allow any form

of lawlessness," he said.

● Anglo American Platinum, the world's largest platinum producer, plans to cut 6 000 mining jobs to overhaul its loss-making business. The layoffs were scaled back last week from the 14 000 it first proposed, following negotiations with the government. The company now faces talks on the cuts with unions.

● The SABC reported yesterday that the country's biggest gold miner, AngloGold Ashanti, was set to roll out a mechanisation programme that could result possible job losses.



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# The Times

## More blood spilt at Marikana will be a national disaster

**T**HE rising tensions in North West between the rival Association of Mineworkers and Construction Union (Amcu) and the National Union of Mineworkers (NUM), if not quickly resolved, will again derail South Africa's progress towards normality.

Last year's strike at the Lonmin platinum mine, at Marikana, near Rustenburg, which resulted in the deaths of mineworkers and police officers, should have been a wake-up call but it seems we are back to where we were then.

Since the beginning of the year there have been a number of unexplained killings linked to the Marikana strike and shootings, and last weekend Mawethu Joseph Steven, an Amcu North West organiser, was murdered in Rustenburg.

Steven was due to give evidence to the Farlam Commission of Inquiry into the killing of 34 striking mineworkers at Marikana by the police.

What is troubling about Steven's killing is that it is the latest in a series but the police are yet to make arrests.

Steven is the third witness to be killed since the start of the commission hearings.

In October, Daluvuyo Bongo was killed at Wonderkop hostel. He was to have testified on behalf of the NUM.

The infamous "Marikana sangoma", Alton Joja, was shot dead in Eastern Cape in March. He was to have testified for the police.

Failure to deal with these killings, and allowing union rivalry to be settled through bloodshed, is wrecking South Africa's mining sector.

President Jacob Zuma did well in appointing the Farlam Commission but now we run the risks of having no witnesses left alive to testify.

It seems that the situation has not changed since NUM and Amcu first locked horns, contesting for dominance at the Lonmin and other platinum mines in North West.

Both unions have every right to organise and represent their members' interests but it seems that each is determined to defeat the other, no matter the consequences.

And the consequences could be dire.

**Murder follows murder; who will be left to testify?**



**Women concerned mining unions' rivalry will make them all widows and orphans**

# Anxiety grips Marikana in wake of fresh slayings

**LEBOGANG SEALE**

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**F**EAR has again gripped residents of Marikana outside Rustenburg in North West following a bloody weekend in which twin brothers and an Association of Mineworkers and Construction Union (Amcu) regional leader were killed execution-style.

About seven hours after Amcu's regional organiser Mawethu Steven was gunned down at Billy's Tavern near Photsaneng shaft number 2 on Saturday, five unidentified men stormed a room at Wonderkop's Dikhibidung informal settlement and shot and killed twin brothers Andile and Ayanda Menzi, aged 24.

According to the twins' brother Lennox, Andile was shot in the back of the head, while Ayanda was shot from the back, with the bullet exiting his chest.

Their aunt, Thandeka Menzi, 35, was hit with a panga on the head, while her daughter, Sihle Lushetu, 17, was shot in the thigh. All the survivors have been taken to an undisclosed place in Joburg for their safety.

"As a family, we are extremely shocked and pained by these senseless and cowardly murders. It's very painful that my brothers died for something they didn't know (anything about)," Lennox said last night.

Andile worked at a Welkom mine, while his twin was unemployed.

Menzi's four-year-old son was not hurt, but he was severely traumatised after witnessing the shooting.

Before they opened fire, the assassins had questioned the twin brothers on the whereabouts of the aunt's partner. When the brothers could not point out his whereabouts, they were shot at point-blank range.

Three sources, including a police officer at Marikana police station, told The Star that the man sought by the killers was a National Union of Mineworkers official at Lonmin.

Two days after Saturday's shooting, neighbours of the slain twins, other residents and Lonmin employees told of their fear of being attacked.

Many blamed the renewed violence on the ongoing bitter rivalry between Amcu and NUM.

"We are all scared. Nobody is safe here," said an elderly woman who lives opposite to the yard where the slain twin brothers' aunt had been renting a room.

Recounting Saturday's shooting, she said she was shaken by the rattling sound of gunshots, followed by screams.

"I thought it was crickets (firecrackers). Kwa, kwa, kwa, kwa. I heard loud screams and then knocks on my door. It was the mother (twins' aunt). She was screaming, saying 'Gogo, gogo, they are killing us and the children,'" the grandmother recalled.

Like other neighbours, she said the assassins had called out the man's name when they stormed the room.

"They killed innocent children (twin brothers) who didn't know anything. We are so afraid. The police are also scared. They are human beings too," she said.

Another neighbour, who had taken Menzi's four-year-old son after the shooting, feared for her husband's life as he worked at the Lonmin mine, saying "this thing will make us widows and make our children orphans".

Meanwhile, it was calm but tense yesterday ahead of today's stayaway by Amcu members in protest over Steven's murder.

As darkness fell, there were fears of fresh violence in the township.

**MAWETHU Steven** was the fourth person to die who was lined up to testify at the Farlam Commission of Inquiry into the violence and deaths that rocked the Lonmin platinum mine last year.

A NUM witness, Albert Gegeleza, died last week after falling ill. He'd already testified at the commission. Two witnesses for the miners have also committed suicide.

**October 5, 2012:** Daluvuyo Bongo, 40, NUM branch secretary in Marikana, was shot dead at Lonmin's Wonderkop hostel.

Bongo was a NUM branch secretary. He was to testify at the Marikana inquiry on behalf of the union about alleged attacks on its offices by striking miners in the early days of the unprotected strike. He was killed just three days after he had taken the chairman of the commission, retired Judge Ian Farlam, and his team through the location of the attack.

**December 8, 2012:** Marvellous Mpfana, 34, was found hanging in his shack in what is believed to

have been a suicide. He was on crutches after surviving the August 16 shootings and was expected to testify at the commission.

**March 24, 2013:** Alleged Marikana sangoma Alton Joja, 69, was shot execution-style at his home in the Mbizana district in the Eastern Cape. The police said at the time of his death they were pursuing him to testify on their behalf on the use of muti by the striking miners, who believed it would make them invincible.

**April 11, 2013:** Marikana commission lawyer Dali Mpofo was stabbed and robbed near East London's Eastern Beach in the Eastern Cape. Police are not investigating whether this incident is linked to the commission.

**May 6, 2013:** Lungani Mabutyana, 27, was found hanging from a tree near the scene of the August 16 shootings. As a rock drill operator, the Marikana survivor was set to testify at the commission.

# Steven's popularity proved his undoing

**POLOKO TAU**

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MURDERED trade unionist Mawethu Steven had been killed because of his Association of Mineworkers and Construction Union (Amcu) affiliation.

This was the view of Amcu president Joseph Mathunjwa yesterday.

A widely held belief was, he added, that the majority of miners in North West's platinum-rich belt had joined Amcu because of Steven, resulting in its becoming the majority union.

Mathunjwa said Steven had received numerous death

threats, but "I can't say he was killed by the union he worked for previously", he said, without mentioning the National Union of Mineworkers (NUM).

Mathunjwa said Steven's name had been mentioned at the commission of inquiry.

"Lonmin and NUM have

accused Steven of being behind the violence at Marikana," he said.

NUM spokesman Lesiba Seshoka has dismissed any suggestion that the union killed Steven to get back at him for its loss of members.

NUM expelled Steven in December from his position as branch chairman at Lonmin's Karee mine.

Workers downed tools in solidarity with Steven, but Lonmin still fired him.

When he left NUM, Steven took with him a huge chunk of the union's membership, leading to Amcu becoming the majority union at Lonmin.

**See Business Report**

## Defence lawyer's questioning under scrutiny

LAWYER Dali Mpfu's style of questioning became a point of discussion at the Marikana inquiry yesterday.

He is representing the miners who were arrested

and wounded last year.

Lonmin lawyer Schalk Burger said: "Propositions are put forward. I do not know what they are based on."

He was referring to a statement by Mpfu that

police were acting out of revenge when they shot dead striking mineworkers.

Mpfu argued that all he had done was to lay a proper foundation for his arguments and questions. Sapa

# Amcu members 'have no protection'

## STEVEN TAU

POLICE minister Nathi Mthethwa must step up his game in ensuring that Mawethu Steven's killers are brought to book.

This is the message from president of the Association of Mineworkers and Construction Union (Amcu) Joseph Mathunjwa following the murder of the Rustenburg regional organiser at the weekend.

Steven was shot dead by a group of four men at a tavern near Anglo Platinum Mine's Khomanani Shaft Two on Saturday.

Two other men, twin brothers, were shot in a shack at the Nkaneng informal settlement, Marikana, on Saturday.

One of them died at the scene, while the other died on arrival at the Andrew Saffy Hospital.

It is not known if the twin brothers were also Amcu members.

Mathunjwa called on Mthethwa to follow up on all the complaints

directed to his office by Amcu – incidents of threats and violence against its members at mines.

"We are concerned about the conduct of some of the SA Police Service members who are quick to arrest Amcu members for whatever allegations of intimidation, but if the allegations are directed at National Union of Mineworkers (NUM) members, who freely carry guns at the mines, nothing is done," said Mathunjwa.

He also called on union members to remain calm amid police investigations.

Asked if there was any indication that Steven might have been killed by rival union members, Mathunjwa replied: "History says he (Steven) was a strong NUM member who was vocal against corruption within NUM, and also became a thorn to those who don't like his association with Amcu."

"All we know at this stage is that

four men are responsible for the killing, but we cannot rule out any other possibility."

He said Amcu would also support mineworkers who have reportedly indicated a willingness to go on strike over the looming 6 000 job cuts announced by Anglo Platinum last week at its South African mines, which were affected by last year's violent labour unrest.

"We will make use of all avenues within the ambits of the law to protect our members' jobs."

Angloplats said the layoffs would save the company R2.3 billion in costs.

Mathunjwa said they have not yet received any notice from the employer in terms of the Labour Relations Act.

Meanwhile, police spokesman Thulani Ngubane said there had been no further incidents of violence reported. – *stevent@citizen.co.za*.

# Mine unions will have to cool it

**E**xactly who is responsible for the ongoing killings in the North West platinum belt has yet to be established, but it is clear there are deadly tensions between rival trade unions.

And the violence could get much worse as struggling mines are forced to lay off large numbers of workers. Saturday's execution-style slaying of Mawethu Khulekile Steven, Rustenburg regional organiser for the Association of Mineworkers' and Construction Workers' Union (Amcu), lit a powderkeg.

Amcu blames the National Union of Mineworkers (NUM) for the murders and is demanding the closure of all NUM offices in the area.

Amcu has supplanted the NUM as the majority union at the world's biggest platinum producer, Anglo American Platinum (Amplats). The killings come amid the news that Amplats intends laying off 6 000 workers.

While that is 8 000 fewer

than the company announced in January, it's still a significant number.

In their desperation for membership figures, both Amcu and NUM have vehemently rejected Amplats' latest plans, which come after months of negotiation between the government and the mining giant.

In all their actions and utterances the unions are being short-sighted. No one denies the potential for human suffering when 6 000 breadwinners are laid off.

But even more severe possibilities await if the unions do not climb down. Already investors and analysts are saying Amplats has capitulated to government pressure, and the compromise heralds an uncertain future for mining generally in South Africa.

Coupled with the resurgent violence and threats of bloodletting, this makes SA mining an unattractive investment option. If this carries on, hundreds of thousands of jobs could be on the line.

# Mpofu hits out at Marikana fencing!

By **SIMON NARE**

IF THE police had closed the gap in the barbed wire fence, strikers' lives could have been saved.

Advocate Dali Mpofu, during cross-examination of special operations Major-General Charl Annandale at the Marikana Commission of Inquiry yesterday, said police had time to close the 16-metre gap left in the barbed wire between the kraal and the fence. Sixteen miners were shot to death in a nine-second volley of deadly gunfire.

Police said they shot the strikers in self-defence as the strikers were charging them, but the defence maintains the strikers were trying to flee through the gap in the barbed wire that had been laid to confine them to the koppie.

Mpofu said if the cops had closed the gap the shooting might not have occurred. Annandale said police did not foresee strikers taking the gap.

He agreed that barbed wire had earlier been successful in preventing strikers from approaching the police line but added that the use of stun grenades and rubber bullets was also important.

Mpofu said police had two minutes to warn strikers to stay back or they would shoot with live bullets, but they didn't warn them.

"It was not as easy as it seems," said Annandale.