



# Contracting, complexity and control: An overview of the changing nature of subcontracting in the South African mining industry

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## Synopsis

The aim of this paper is to provide an overview of existing forms of subcontracting in the South African mining industry. A descriptive framework is developed to understand different subcontracting arrangements. We argue that, in order to do so, it is important to distinguish between labour broking and gang subcontracting.

Data resulting from a research project (including an analysis of historical sources, interviews with contractors and focus group interviews with mineworkers) is presented to highlight the implications of changing formations of subcontracting for the South African mining industry in the late 1990s.

Apart from the subcontracting of 'traditional' functions, such as shaft sinking, access development, catering and hostel maintenance, contractors are now used in 'core' mining activities. In some instances, whole shafts are 'outsourced' to outside agencies.

It is argued that certain of the subcontracting arrangements have serious implications for the ability of the mining industry to improve health and safety standards. Some of the practices can potentially result in conflict between different categories of workers, and, as a result, instability in the industry.

## Introduction

The subcontracting of labour in the mining industry seems to be increasing in the 1990s. Labour subcontracting is a complex form of casual employment that can take on a number of different formations. Our argument is that labour subcontracting is one of many forms of managerial control, and that it is further important to distinguish between *gang subcontracting* and *labour broking*. We also provide a cursory outline of possible reasons for the increase of labour subcontracting in the mining industry.

It is argued that labour subcontracting is nothing new in the South African mining industry. Gang subcontracting was used quite extensively in the 1910s and the 1920s and

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that this arrangement had built on existing forms of work organization. After the 1920s, the subcontracting of labour used for *core* mining functions seemed to disappear. Other parts of the mining process, such as shaft sinking and underground construction, were traditionally still performed by *specialization labour brokers*. In the 1990s, *core* mining functions are performed by subcontract workers again.

## The complexities of labour subcontracting

The subcontracting of labour is a form of casual employment that can take on a diverse number of formations. In 1960, a study conducted in Singapore found 11 different ways to employ and pay contract workers without establishing a direct employment relationship\* (Epstein & Monat<sup>7</sup>). A number of authors have tried to classify different forms of labour subcontracting, either in order to make sense of the complexities created by introducing commercial contracts to employment relations, or to formulate policy to regulate subcontracting arrangements (see, for example, Epstein & Monat<sup>8</sup>, Lawson<sup>14</sup>, Klerck<sup>13</sup>, Bezuidenhout<sup>2</sup>). Classifications of labour subcontracting usually take firm boundaries\*, or the rationale for subcontracting\*\* into account for constructing descriptive typologies (see Bezuidenhout<sup>2</sup> for an overview).

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\* This would entail an assessment of whether the subcontracting takes place within a certain firm, or whether a part of the production process is contracted out to another firm.

\*\* This can include a limitation in available technology or a sudden increase in demand for a product.

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These typologies are useful. However, it is also important to see the subcontracting of labour as one of many forms of managerial control.

The subcontracting of labour is nothing new. For instance, Littler<sup>15</sup> convincingly argued that labour subcontracting had been used extensively in the early phases of industrialization in Britain, Japan and the US. As Klerck points out:

*There is a perpetual tension under capitalism between treating workers as commodities to be hired and fired, and harnessing their ingenuity and cooperativeness. Casual labour constitutes an attempt at bridging this tension by allowing for the employment of suitably qualified labourers whose services can be terminated at will (1994: 32).*

Also, the classical works of both Friedman<sup>9</sup> and Edwards<sup>6</sup> pointed out that labour market segmentation and casualization had always been part of diverse strategies of managerial control. What is important though, is that the subcontracting of labour and other forms of casualization become more prevalent under certain conditions. In the South African context, as in the mining industry in particular, indications are that there is a trend towards the casualization of work (see Horwitz<sup>11</sup>, Standing<sup>19</sup>). Standing argues;

*Evidence... suggest(s) that South African firms have been moving in the same direction as their counterparts in most other parts of the world, turning towards greater use of flexiworkers, through casual labour, contract labour, sub-contracting to smaller firms, homeworkers and other 'outworkers', and agency workers (Standing<sup>19</sup>).*

Commenting on the flexibility/rigidity debate on the South African labour market, Standing points out:

*South Africa has a flexible labour market. In some respects it may be too flexible... It is almost comical to describe SA as having employment inflexibility. Many workers have little employment protection, retrenchments are fairly easy and widespread, notice periods are short or non-existent, and most firms can resort to temporary or casual labour and, if need be, labour contracting—the world's most flexible labour system and spreading like wildfire (Business Day<sup>4</sup>).*

The use of subcontracted labour in the mining industry seems to be growing more prevalent. In 1987, 5% of workers in South African coal mines were employed by subcontractors. By 1994 this figure rose to 16%. The percentage of underground workers employed by subcontractors increased from 1% to 4% for the same period, while workers engaged in surface employment appointed by subcontractors increased from 10% in 1987 to 26% in 1994.

In the gold mining industry a similar trend is taking place. Subcontracted employment increased from 3% in 1987 to 10% of the total workforce in 1994. By the same year, underground subcontracted employment composed a share of 11% of the total underground workforce. This number amounted to 29 657 workers (Standing, *et al.*<sup>18</sup>).

The use of subcontracted labour in the mining industry is explained by Standing:

*The trend toward more contract labour, and towards using contractors for mining labour, has been linked to the mines' drive for higher productivity, flexibility*

*and cost cutting. Among the reasons for the trends are that contract workers are typically not unionised and do not receive wages negotiated between the unions and mining companies. Contractors have tended to discourage their workers from joining unions. Employees of contractors are generally not covered by death and funeral benefit schemes negotiated by unions with mining companies. Whereas regular mineworkers earn little in bonuses, contract labourers often have their earnings entirely bonus-related, being paid for measured output (Standing, *et al.*<sup>18</sup>).*

Hence, we see a trend towards the casualization of work, both on a national level and in the mining industry in particular.

### Factors relating to the incidence of subcontracting

Klerck<sup>13</sup> provides guidelines of broad social factors to which the occurrence of casualization can be related. These include:

- ▶ 'A large surplus population from which labour can be drawn' (Klerck<sup>13</sup>).

South Africa has a very high unemployment rate, ranging between 20% and 30%, depending on the definition used.

- ▶ An organized labour movement reduces 'management's discretion and room to manoeuvre'. As a result, the balance in class forces which was formerly decidedly in the employers' favour undergoes changes (Klerck<sup>13</sup>).

From the early 1970s onwards, notably after the 1973 strikes and the consolidation of a strong trade union movement with the founding of COSATU, the South African labour dispensation underwent dramatic changes. These changes entailed a movement away from a racial despotic system of labour regulation to a system where basic organizational rights are protected in terms of both the constitution and labour legislation. Some of these regulatory mechanisms can be circumvented by the subcontracting of labour and other forms of casualization. Indeed, the South African mining industry is the industry with the highest union density; in 1994, 65,3% of all workers in the mining industry were members of trade unions (Baskin<sup>1</sup>).

- ▶ Segmented labour markets which are traditionally divided along race, ethnic, gender, and (sometimes) age formations. 'The subcontracting of labour therefore tends to operate along existing hierarchies of subordination in a society' (Klerck<sup>13</sup>).

In the mining industry, the statutory colour bars, as well as active discrimination from mining houses divided workers according to race (Johnstone<sup>12</sup>, Callinicos<sup>5</sup>). The division of workers according to ethnic lines in terms of different jobs and the allocation of workers in different sections of hostels is also embedded in the mining industry (Moodie<sup>16</sup>).

- ▶ 'An industrial structure which has historically developed on the basis of a sharp differentiation in employment conditions (in terms of wages, skills, job security, autonomy, etc.)' (Klerck<sup>13</sup>).

Again, the colour bars, but specifically the wage colour bar, has historically been relevant for the mining industry

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(Johnstone<sup>12</sup>). Even to this day, most grades are colour-coded *de facto*.

- The last characteristic mentioned is a 'broader profitability crisis... on the level of the national economy' (Klerck<sup>13</sup>).

The decline in the gold price and the crisis resulting from that is specifically relevant for an understanding of the present sense of crisis in the gold mining industry.

We see, then, that all of the factors which Klerck perceives as contributing factors for an increase in the subcontracting of labour are present in the South African mining industry, but more specifically in the gold mining industry.

## Forms of labour subcontracting

Labour subcontracting can take on different arrangements. As a form of managerial control, it usually builds on social formations which can be used to divide workers into segments, such as race, gender, citizenship, skill, etc. Our argument is that it is important to distinguish between *gang subcontracting* and *labour broking*.

*Gang subcontracting* implies the arrangement of work in teams. The subcontractor usually forms a part of the gang. Sometimes these gangs are organized in a more democratic fashion, as described by Friedman<sup>9</sup>. In this case, the team as a whole takes on a contract, and the team leader is usually elected by the team. In other instances, the subcontractor is a craftsperson who hires helpers to assist him/her (see Thompson and McHugh<sup>20</sup>). This arrangement is found in the South African building and construction industry, where builders hire a team of bricklayers, who in their turn would sub-appoint two helpers each to pass on bricks. This whole team, consisting of one builder, four brick-layers and eight casuals, form as a gang that takes on contracts (see Bezuidenhout<sup>2</sup>). *Gang subcontracting* can also take on a despotic form of work arrangement. Goffee<sup>10</sup> provides a description of how the butty system was used in the British coal mining industry in the 1920s and the 1930s to casualize work on a large scale. Butty men acted as subcontractors and appointed workers to their gangs, supervised their work, and decided on their remuneration. These butty men were popularly described by workers as 'arse creepers', 'bosses' men' and 'tale tellers'. These terms have striking similarities to the South African equivalent of 'impimpi', as described by Webster<sup>21</sup>.

*Labour broking*, on the other hand, does not necessarily build on work in teams. Labour brokers form companies\* outside the parent firms where the actual production takes place. They merely supply workers in a very flexible fashion, but in some cases they also supervise the work. Some labour brokers, called *general labour brokers*, usually take on manual labourers where little formal training is needed and act as middle persons between parent firms and workers. *Specialization labour brokers*, on the other hand, supply highly trained workers for firms on a subcontract basis. They can also specialize in one specific area of economic involvement, such as security or cleaning.

\* In South Africa, labour brokers usually form Closed Corporations (CCs)

Table I

### Typology of different methods used to organize subcontracted labour

Main category	Sub-category	Middle person	Form of control
Labour broking	General labour broking	Firm: labour broker	Usually direct or technological control
	Specialization labour broking	Firm: labour broker	Usually bureaucratic control
Gang subcontracting	Democratic gang subcontracting	Works as part of the 'team' Democratically elected	Relative worker self control in terms of the internal organization of work
	Craft gang subcontracting	Person with higher levels of skills Appoints 'helpers' on subcontracts	From direct to hierarchical control
	Despotic gang subcontracting	Appoints the team members and supervises the work	Direct despotic control

Source: Bezuidenhout, 1997

Our argument is that this distinction between gang subcontracting and labour broking is the key to an understanding of subcontracting arrangements in the South African mining industry, where work is traditionally organized in teams, but seems now to be moving to the use of labour broking.

## Methodology

Since this research project is exploratory in nature, it utilises multiple research strategies. In order to get an impression of dynamics surrounding subcontracting practice in the mining industry the project focuses on the following:

- An analysis of the regulatory environment in the South African mining industry relevant to subcontracting. This includes an agreement between the Chamber of Mines and the National Union of Mineworkers on subcontracting, as well as various legislative frameworks, such as the Labour Relations Act, the Mines Occupational Health and Safety Act, and the Basic Conditions of Employment Act.
- A revisiting of historical studies on the South African mining industry for clues as to how the subcontracting of labour functioned on South African mines in the past. This re-reading of secondary material is the first step towards a fully fledged historical analysis of the topic.
- Conducting personal interviews with labour brokers. We have already completed semi-structured personal interviews with the human resources directors of four of the five major specialization labour brokers active in the South African mining industry. Interviews are also planned with smaller subcontractors, as well as general labour brokers involved in the mining industry.
- The conducting of focus group interviews with 72 workers from five different gold mines in Carletonville to gather data on worker experiences and perceptions of subcontracting. The focus group interviews proved

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to be very valuable, since they pointed to very specific subcontracting trends\*.

- ▶ The conducting of a survey of all the mines falling under the Chamber of Mines. This still has to be done. A draft questionnaire has been completed.
- ▶ The conducting of several case studies of mines where subcontracting takes place. We aim to account for variables which might impact on subcontracting, such as the size of the mine, geographical factors, and the sub-sector of involvement, in the selection of these case studies.

In this paper we mainly report on the focus group interviews in Carletonville and on information gathered in interviews with specialization mining contractors. We also use some of the insights gained through our revisiting of historical texts. Again, it is important to note that the findings are tentative. The focus group interviews with workers were only conducted in one region and in only the gold sector of the mining industry. The issues addressed in the focus group interviews cannot be generalized for the whole industry, but provide direction to the project.

### Subcontracting in the mining industry: 'Subcontracting is like AIDS'

#### Old and new forms of subcontracting

##### Non-core and specialized tasks

Traditionally mines contracted out specialized functions, like construction, shaft sinking, and access development. By the 1980s and the early 1990s mines began subcontracting *non-core* functions, like cleaning, catering and security.

Subcontracting has taken place both on the surface and underground. On the surface, typical *non-core* functions such as catering, cleaning, security, and maintenance of hostels have been subcontracted. Construction work on the surface has also been subcontracted. Evidence suggests that surface construction was already subcontracted at the turn of the century. Moroney<sup>17</sup> mentions that in 1902, 'workers on the Consolidated Main Reef Mine went on strike because they discovered that their wages were well below those being earned by a contractor's work force engaged in surface construction on the mine'. A mine manager complained about the destabilising effect this had:

*... the contractors, if allowed to go on, will obtain all the best boys, any of which are as good at certain work as white men, and at the same time unsettle the Company's boys* (quoted in Moroney,<sup>17</sup>).

Traditionally certain specialized underground work has also been subcontracted, for instance, the sinking of shafts and other forms of underground construction. In fact, the largest firm involved in the sinking of shafts was founded in 1964.†

\* A total of 12 focus groups were conducted at five different mines in the Carletonville region. An average of 6 workers took part in each focus group interview. Discussions were recorded on audio-tape and mostly took place in a mixture of Xhosa and Zulu, or in Sotho.

† Interviews

† Interview, 1998-03-11

§ These 'boss boys' later became 'team leaders' (See Moodie, 1994: 44-75)

#### Core tasks

Before the mid-1920s, the subcontracting of core mining work occurred on a relatively wide-spread basis. It seemed to take on a specific form of despotic gang subcontracting. Even though texts dealing with the mining industry in a historical context only refer to the contract system in passing, certain important issues surface. The contract system took on a specific racial character and built on the arrangement of underground mining work organized in teams (or gangs) of African workers supervised by white miners.

In 1893, the editor of the *South African Mining Journal* wrote: 'The white miner is more a shift-boss than a miner proper, being required to take charge of gangs of natives, superintend work and get as much out of them as possible' (quoted in Callinicos<sup>5</sup>). The white supervisor was usually assisted by a boss-boy in the supervision of work (Johnstone<sup>12</sup>)§. The contract system replicated this form of work organization, but the white ganger had to take responsibility for supervising work, paying wages to the gang members and even providing explosives needed to perform the work. Remuneration was linked only to performance, without a basic salary (Yudelman<sup>22</sup>). This contract system was controversial, both during the 1913 mining strike and the 1922 strike, but for different reasons. In a discussion of the aftermath of the 1913 miners' strike, Yudelman mentions an attack by Warrington Smith, the Secretary for Mines and Industries, on the contract system prevalent on mines.

According to Yudelman,

*Warrington Smith... attacked the contract system by which white miners received no guaranteed wage but were paid according to their results. This sometimes resulted in high wages, but if contracted work targets were not achieved, it could also result in no wage at all or even debt for the contractor (who had to pay for explosives, equipment, and the labour that worked under him). It was one of the major causes of chronic instability and the mobility of the white mine labour force* Yudelman<sup>22</sup>.

Smith apparently tried to put pressure on F.S. Malan, the Minister of Mining, to legislate for the abolishment of the contract system, in case the Transvaal Chamber of Mines should refuse to do so voluntarily. Several letters were exchanged between parties involved, and on November 5, 1913 the Transvaal Chamber of Mines wrote to F.S. Malan that they would investigate the underground contract system (Yudelman<sup>22</sup>).

Despite pressure from the government, the system of using gangs of African workers supervised by white subcontractors however did not seem to disappear. By 1922, 'contractors were a privileged and generally highly paid group of white miners whose earnings fluctuated with results achieved by gangs of black labourers they supervised (Yudelman<sup>22</sup>). In an attempt to reduce the number of white mineworkers during the profitability crisis in the gold mining industry in 1922, mine managers started to end contracts with these white gangers (see also Johnstone<sup>12</sup>). Yudelman argues:

*The issue of contract work subsequently became a very important cause of the 1922 strike, when the mining employers sought to abolish the very system they had been so very reluctant to do without in 1913* (1984: 105).

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So successful were they that subcontracting of core mining activities seems only to have re-emerged in recent years. We could not find any evidence of a re-occurrence of the subcontracting of core mining activities until the 1990s. Certainly, there must have been instances where it was used on a limited scale, but the statistics provided by Standing, *et al.*<sup>18\*</sup>, seem to indicate that the subcontracting of underground work that has traditionally not been subcontracted is re-emerging as a trend. In our interviews, ordinary mine workers (NUM members)—themselves appointed on the semi-permanent contract system peculiar to the mining industry—confirmed that core underground work was being performed by subcontract labour. In fact, workers perceived subcontract labour as a threat to their own jobs:

*They do our work, such as driving locomotives—they take our jobs. They are not members of the union. Their work is sweeping the areas that are closed. Many workers are doing contract work. Each shift has its (contract) workers. They do the same job that we are doing... They work everywhere in the mines. We do the same job, but we do not mix. They work as cleaners and cooks. Some work in the mines doing the jobs we are doing. There is an increase in contract workers and they are doing the same jobs as we do... They don't join the union... When they started, they only worked on a small part underground, but now they are doing most of the jobs that we are doing. There are many contract workers and they do the same jobs that we are doing. They do the same work that we are doing. If you are absent for some days you are fired and they take on contract labour.*

Workers interviewed were also aware of subcontracted workers who either worked in specific functions, such as security, cleaning, catering and maintenance in hostels, or who worked underground, doing the same jobs as ordinary miners at the rock face. One worker compared the subcontracting of labour to AIDS:

*at first you do not recognize subcontracting is in your midst. But before you know it, it is all around you and then you catch it too.*

As another worker in the discussion explained, it is only when their numbers have increased relative to the proportion of permanent workers that people start to take cognisance of the 'epidemic'. In the end, workers do not know whether they can 'get it next' or not. Indeed, when interviewed, a number of specialization labour brokers commented that their business has increased over the past several years precisely because of the crisis in mining. One said that 50% of its core business is in mining, which normally has included underground construction, but is also now moving into open cast coal mining. This includes not only digging and earth moving, but also coal extraction itself. Other companies too noted that one of the growth areas for them has been mining proper. As one contractor said, 'Mines don't want to do as

much for themselves. They can't afford it. There is more opportunity at the rockface. We are moving from specialized tasks to mining contracting' to which he added quite clearly, 'there is a lot of opportunity for contractors with the downsizing of the industry'.

According to another contractor, the larger companies sell off their marginal shafts to smaller and newer companies 'with no experience'; these companies then subcontract mining functions to contractors. Some of these specialization labour brokers, in turn, contract out to general labour brokers to supply them with labour. Others contract out 'their specialized' workers to labour brokers who can often win tenders more easily because of their lower costs (including wage bills). In this case, the specialization labour broker then turns around and contracts its services to manage those workers that it now no longer has under direct contract. As one told us, 'the workers get half the wages that they normally would under a contract with us, but at least they have half a wage and not no wage at all'.

The evidence provided by the focus group interviews shows that subcontracting in the mining industry is moving into core business. In November 1995, the NUM and the Chamber of Mines formally agreed, amongst other things, that 'whilst this practice of out-sourcing or subcontracting offers various advantages to mining companies and supports the development of small business enterprise, it might contain threats for employees and members of trade unions operating in the mining industry' (Chamber Agreement, 1995, section 4.1). The Agreement does not apply to specialised contracting, but to other forms of sub-contracting. Parties agreed that the union was to be informed about existing subcontracting arrangements, and the mines undertook that 'where the employment of subcontractors might lead to the retrenchment or downgrading of an existing employee, the NUM's representatives will be involved in the discussions in respect of such retrenchment or downgrading' (Chamber Agreement 1995, section 4.2). The Agreement also specified that 'A subcontractor is required to comply with applicable legislation' (Chamber Agreement, 1995, section 4.5), including immigration and labour legislation, and encourages fair standards and conditions: 'It is acknowledged that mine management cannot interfere with the contractual relationship between the contractor and his employees, but good practice dictates that there should be sound employment practice' (Chamber Agreement, 1995, section 4.6). The Agreement was meant in part to regulate the contracting of *core* mining activity in order to protect mining jobs. However, according to one mining analyst, the problem with the Agreement is neither parties have undertaken to define *core* business adequately. Hence we see a situation painted by the mineworkers interviewed where more and more jobs become subcontracted.

From our first round of interviews, we examine how labour subcontracting builds on various mechanisms of division and exclusion to operate effectively as a form of managerial control.

### **Subcontracting and the dynamics of control**

*Trade unionism: 'they are using them to fight us'*

Subcontract workers are very unlikely to be unionized. A

\* Standing's statistics imply that by 1994 at least one of every ten underground workers in the gold mining industry was appointed on a subcontract basis. Unfortunately the authors of the ILO report do not indicate as to whether 'traditional' subcontracting practice, such as shaft sinking, is included in the statistics.

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number of workers had the impression that contractors actively discouraged workers from joining trade unions:

*The contractors do not allow contract workers to join the union. They are not allowed to join trade unions. Contract workers do not join the union. If a worker joins the union, he is fired. They (contract workers) do not join the union. I think it's the system of the contract workers not to join the union. I think the whites who control contract labour tell the contract workers not to join the union. Contract labour is not unionized. They are using them to fight us (the union), because we cause strikes.*

Workers at some mines connected the impact of subcontracting to the emergence of alternative unions, like Workers' Mouthpiece. Even labour brokers commented that most of their workforce was not unionized: 'we don't discourage trade unions, but it is difficult to organise them because the labour force moves around'. Another said, 'most mine workforces go on strike against our guys. If a mine goes on strike our guys don't want to strike. They have different interests'. Hence, workers regard subcontractors as a threat to unionization in the industry.

### Space: 'we do not mix with them'

Often, subcontracted workers and permanent workers are intentionally kept apart to encourage the perception of different interests (Klerck<sup>13</sup>). In Carletonville, one specific hostel at a mine is used to house subcontracted workers from the region. This hostel was previously used for workers working at the mine, but the hostel is currently used to house workers who work on a contract basis at a number of mines in the area. The hostel is separated from the other hostels in the complex by a fence. Some of the workers who were interviewed at this mine commented on this:

*Contract workers do not work here, but only come to stay. The contractors let their workers stay in the halls. But those halls are not healthy for people to stay in. They are stockpiled there like animals... Just go and look for yourself and decide if it is the right place to stay.*

At the other mines where focus group interviews were conducted, workers were also aware of the fact the contract workers were housed separately:

*There are contract workers. They do not stay here, but are transported to work... They do not stay here... They are brought in the morning and taken after work. There are many contract workers. They work here, but they do not stay here.*

Contractors told us that 'most mines don't like accommodation to be the same for their workers and ours'. Hence not only are subcontract workers perceived as different, but ordinary mine workers are physically separated from them and prevented from building solidarity. In fact NUM members spoke of subcontract workers as a clearly differentiated group; one which they simultaneously felt pity for because of their worse conditions and felt contempt for because they took their jobs. The physical separation thus underscored a social separation of types of workers and enabled contractors, as mentioned above, confidently to speak of 'their guys' disinterest in striking with NUM members.

### Danger: 'the contract is killing people'

The subcontracting of labour and other forms of casualization is often used to circumvent health and safety regulations. Other evidence in the South African context (see Klerck<sup>13</sup>) found that certain factories in the petro-chemical industry used subcontract workers for the most dangerous work. These workers are generally not organized by trade unions and often do not have knowledge of health and safety regulations. The same phenomenon seems to be occurring in the mining industry, an industry with a labour process that is specifically unsafe. Workers mentioned two specific issues in the focus group interviews. Firstly, they pointed out that subcontracted workers generally work in areas that the other workers refuse to enter. One worker observed that 'contract workers are forced to work in the most dangerous places'. Another agreed:

*I always say I never wish to see my brother working on a contract as the jobs that are done by contract workers are very dangerous.*

The following vivid image was used by one worker to sketch his impression:

*Mostly they work in the most dangerous places that were closed, because some people were injured in those places... When they get injured, they lose their jobs... For contract workers, if it was allowed to sleep underground, they would have been sleeping underground.*

Secondly, workers pointed out that, even though subcontract workers worked in the most dangerous areas, they did not receive medical attention when they were injured:

*When they (contract workers) are injured, they do not get quick medical treatment... They are exploited. The mine does nothing if a contract worker has been injured, not even bandages. They do not get the attention that they should get when they are injured and are not even taken to the hospital. They are not taken care of when they are injured at work.*

In fact, one worker observed that subcontract workers are rather fired than taken care of when they get injured:

*If you (as a contract worker) get sick, you get fired. When contract workers are injured, they are not taken to hospital.*

Hence evidence begins to emerge of subcontract workers with few workplace rights and few organizational options in a context where employers and contractors encourage separation and antagonism between groups of workers. Indeed, there are examples of violence at mines erupting between NUM members and contract workers. In part, then, subcontracting seems to be implemented to cut labour costs and to undermine a union which has grown in strength over the past fifteen years. The use of subcontracting in the mining industry seems to be a classic example of managerial control.

## Conclusions

The research seeks to explore the uses of subcontracting in the mining industry. Apart from more 'traditional' forms of subcontracting, such as the outsourcing of hostel running,

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maintenance, specialized mining functions, such as shaft-sinking, wire meshing, and underground construction, results from preliminary research indicate that increasingly subcontracting is occurring in 'core' underground work, a phenomenon which the union has taken a firm stand against. It is also being used to divide workforces. In part, then, subcontracting seems to be implemented to cut labour costs in a context of declining profits. While established mining contractors do take cognisance of existing labour legislation and may even be (non-signatory) members of the Chamber of Mines, they argue that fiercer competition means that they often cannot win tenders because they carry higher wage costs. As one mentioned, this leads to a downward spiral of labour cost cutting, where in many cases, highly skilled workers must accept that half a wage is better than no wage at all. This trend poses a threat to workers and to unions for it often involves using unrepresented workers at lower wages and conditions. Unions have challenged such practices by including subcontracting as a collective bargaining issue in negotiations with the Chamber of Mines. Research, however, finds preliminary evidence which suggests that subcontracting is increasing and that mineworkers view subcontracted workers as a threat to their already tenuously held jobs. Such practices serve to undermine the core, protected workforce through whom productivity advances can realistically be achieved.

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## AST secures a 5-year service agreement with AngloGold\*

Centurion—Advanced Software Technologies (AST) have announced their acquisition of Graphic Mining Solutions International (GMSI), effective from 1 May 1999. The announcement came after a successful bid for the purchase of AngloGold's majority shareholding in GMSI.

'In order to remain at the leading edge of IT technology, GMSI needed an alliance with a major IT company. An investigation into several candidate companies involved in mining information technology took place and AST was selected as AngloGold's strategic partner' states Dave Hodgson, Executive Officer of Technology and Innovation, AngloGold.

GMSI specialises in the providing of IT solutions to the mining industry. The company has more than 100

specialists which, in combination with AST's current mining expertise, offers the mining industry a leading IT solutions service partner.

The stated aim of GMSI is to be the preferred outsourcer of technical systems and provider of business solutions for mining operations. The client base of GMSI includes mines in virtually every group in South Africa including Amplats, Gold Fields, Impala Platinum, etc. Some of AST's clients in the mining industry include Iscor and Zincor. ♦

\* Contact: Phillip Vermeulen, Director: Business Development, AST Group, Tel: 012 663 0310

## Humboldt/South African Research Award for 2000 Call for nominations for 2000

### Nomination and selection procedures

Nominations are invited for the Humboldt/South African Research Award to internationally renowned German scholars in the fields of the sciences (natural and social), humanities, mathematics, medicine, engineering and agriculture in recognition of their achievements in research, for promoting research cooperation between South Africa and Germany and contributing to research capacity building in South Africa. Only full or associate professors, or scholars of equivalent standing outside universities, may be nominated for this research award. The nominee's academic achievements must be internationally recognized through, for example, proven success in research work, positive responses by peers to the nominee's published work and by other previous distinctions.

Nominations must be made by leading researchers in South Africa. The nominating South African scholar to guarantee that sufficient material and equipment are available for the research work envisaged by the award winner during his/her stay in South Africa or that, particularly in the case of studies in the humanities, access to archives or libraries is assured.

### Endowments

The value of the Humboldt/South African Research Award ranges from R40 000 to R120 000 depending on the length of stay. A return ticket (business class) will be made available once to the award winner for the flight between his/her permanent residence abroad and the South African host city. The same travel benefits will apply to the spouse and children (under 21 years of age) of the award winner provided they stay with the award winner for at least three months. An additional grant will be made to contribute towards costs incurred for medical and accident insurance as well as accommodation. Hosts are expected to make all the necessary preparations for the award winner's research activities, to ensure that he/she receives assistance in settling in and suitable as well as safe accommodation is found.

Enquiries and requests for further details may be directed to:

Mrs R. Robertson, telephone number (012) 481-4102, telefax: (012) 3449 1179, e-mail: rose@nrf.ac.za ◆

## New report from Roskill Information Services Ltd ranks top 50 mining companies\*

Major restructuring within the South African mining industry has led to speculation that the gold and diamond giant, Anglo American Corporation (AAC), is in decline. According to the 1999 edition of *Who Owns Who in Mining*, however, Anglo American clearly remains the world's largest mining group, controlling 8% of the total value of all non-fuel minerals produced in the Western World. Rio Tinto, with a share of 5.5%, is gradually narrowing the gap, and BHP is in uncontested third place.

Over the last few years the mining industry has followed the trend towards globalization, with a wave of mergers and acquisitions (M&A). This 'merger mania' is reflected in the Raw Materials Group's (RMG) ranking of the 50 largest mining companies worldwide. The most significant change has been the progression of North from rank 33 to 17, following the purchase of Canadian iron ore producer IOC. Newmont, having taken over US gold producer Santa Fe Pacific, now becomes the twelfth-largest mining company.

Glencore, the former trading company, turned producer, has appeared for the first time in the RMG Top 50, emerging in rank 38.

### Top western world mining companies 1997

1.	Anglo American Corp of South Africa	RSA	8.03%
2.	Rio Tinto plc	UK	5.53%
3.	Broken Hill Pty Co Ltd	AUS	4.27%
4.	Cia Vale do Rio Doce	BRA	3.27%
5.	State of Chile (Codelco and Enami)	CHILE	2.50%
6.	Phelps Dodge Corp	USA	1.59%
7.	Noranda Inc	CAN	1.57%
8.	Freeport McMoran Copper & Gold Inc	USA	1.54%
9.	Asarco Inc	USA	1.40%
10.	Cyprus Amax Minerals Co	USA	1.31%

\* Detailed 37 page press release available from SAIMM secretariat or contact Mark Seddon Tel: +44 (0) 171 582 5155 'Who Owns Who in Mining'.