

African Social Observatory

Report on Metso Minerals (South Africa)

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While all NALEDI publications adopt a pro-labour perspective, their conclusions do not represent the policies of COSATU



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1. INTRODUCTION

This research report on Metso Minerals (South Africa) forms part of the pilot African Social Observatory project.

The findings of the research together with a draft research report were presented to Metso Minerals (South Africa) management in order to give them the opportunity to respond to the research. This report therefore includes the research findings and management's response which is attached.

To follow in this paper, the next section covers information on the company. Thereafter the reader is acquainted with the research methodology used. This is followed by a brief description of the South African labour regime. Then the research findings are discussed and the paper concludes with some recommendations.

2. BACKGROUND OF COMPANY

Metso Corporation, a Finnish based Multinational Corporation with business operations in over 50 countries, is a global market leader in papermaking lines, and rock and minerals processing systems. The company was formed in a chain of mergers and acquisitions, a major one being the merger of the Finnish companies Valmet and Rauma in 1999. The oldest predecessor company dates back to 1750. The company now known as Metso Corporation has four major business areas:

- Metso Paper,
- Metso Minerals
- Metso Automation,
- Metso Ventures (with three divisions: Metso Panelboard, Metso Drives and Valmet Automotives).

The respective shares of the business areas of Metso's net sales are: Paper 38%, Minerals 38%; Automation 13%, Ventures 8%, and Converting 3%. Metso Corporation's net sales for 2003 was EUR 4 691 million, up by eight percent from 2001 (EUR 4 343 million). Metso's shares are listed on both the Helsinki Stock Exchanges and the New York Stock Exchange. The average trading price in 2002 was EUR 12.13 and USD 11.39 respectively. At the end of 2002, Metso's personnel totalled 28 489 down from 30 242 in 2001. The company's Corporate Sustainability Report calls this reduction "rather radical".

2.1. Metso Minerals in General

Metso Minerals holds about 20 percent of the world market in rock and minerals processing systems. It supplies solutions, equipment, and services to mining industry (mines and quarries) and civil engineering contractors: e.g. rock and minerals processing plants, crushing units and grinding mills, aggregate production, building and civil engineering sectors. Metso Minerals has over 40 production units world-wide in 23 countries; as well as sales and service units, dealers and distributors in 150 countries. It has six market areas, namely, Northern and Central Europe; Southern Europe and the Mediterranean; North and Central America; South America; Asia-Pacific; and Southern Africa. The company has been divided into five business lines, namely:

- crushing and screening,
- minerals processing,
- compaction and paving,
- recycling, and
- wear protection.

Total sales in 2002 was EUR 1,819 million (913 in 2001), and its personnel numbered 10,784 compared to 11,725 in 2001. The growth in net sales was due to the acquisition of Svedala in 2001. Metso Minerals' operating profit was EUR 51,4 million (2,8 % of net sales).

2.2 Metso Minerals in South Africa

One of Metso Minerals' predecessor companies was Nordberg Manufacturing established in Milwaukee USA by Bruno Nordberg an immigrant from Finland. The first Nordberg machine was sold to South Africa in 1899. Sales intensified from 1926 with the introduction of the Symons cone crusher and by 1940 more than 100 of these crushers were sold. The difficulty of getting spares during World War II led to the establishment of the Central Engineering Works in 1917. In 1961 Nordberg Manufacturing Company (South Africa) (Pty) Ltd was established and in 1970 it acquired Central Engineering Works. Operations were consolidated over the following years with the head office in Johannesburg, branches in Cape Town and Durban, a repair facility in Welkom, and a factory and foundry in Vereeniging.

In 1988, due to international sanctions, Nordberg SA was acquired by a local management consortium. In 1993 when sanctions were lifted the company was acquired by the Rauma group, Metso's predecessor. In 1998 Nordberg SA acquired the Lennings Manganese foundry in Kwa-Zulu Natal from Scaw Metals. In 2001 Nordberg Manufacturing Company (South Africa) (Pty) Ltd changed its name to Metso Minerals.

Metso Minerals is the only company that manufactures and sells a full range of comminution, pyro metallurgy and mineral processing equipment in the country. In 2002 the company exports totalled R239 million and its imports R123 million.

3. Research Methodology

The research findings are based on 2 questionnaires, one for management and the other for workers. Local management was extremely co-operative throughout the study and willingly provided the researcher with information necessary for the research. In addition information was provided by SASK in the form of a prestudy done by FinnWatch.

3.1 Sample

The study was focused to the Vereeniging plant and focused exclusively on employees engaged in production i.e. factory floor workers. A sample of 50 was chosen from a

population of 276 factory floor workers. The sample comprised of workers from grades C1 to A1.

The following factors were taken into account to determine the sample:

1. The number of workers in each grade,
2. The number workers to be interviewed in each grade,
3. Union density per union as well as non-unionised workers in each grade, and
4. Gender.

The table below denotes the breakdown of the sample.

Table 1: Composition of Sample

Union	Number
MEWUSA	24
NUMSA	15
SOLIDARITY	7
UASA	1
Non unionised	3
TOTAL	50
Male	45
Female	5
TOTAL	50

Fifty factory floor workers were interviewed. The researcher also had a focus group discussion with all shopstewards at the plant and then in-depth interviews were held with 1 shopsteward from each union.

3.2 Constraints of study

1. The study-focused exclusive on the Vereeniging plant and therefore the findings cannot be extrapolated to the entire company.
2. Management while answering its questionnaire had attained a copy of the workers questionnaire. This may have influenced management responses to some of the questions posed to them.

4. LABOUR LEGISLATION

This section provides a brief overview of the labour legislation in South Africa.

The labour market was one of the cornerstones of the apartheid system in South Africa. The democratic government, having inherited a racially skewed labour market, prioritise the restructuring of the labour market to redress historic imbalances. Soon after coming into power, the ANC led government introduced a number of new labour legislations. They are:

- The Labour Relations Act – this law regulates the relationship between trade unions and employers. The stated purpose and objectives of the Act includes advancing social justice, giving effect to the fair employment practices, and giving effect to ILO obligations.
- The Basic Conditions of Employment Act – this law sets minimum conditions for all workers, especially those that fall below a prescribed wage threshold.
- The Employment Equity Act – this law tackles South Africa’s history of racial job reservation. It removes barriers to employment and seeks to advance historically disadvantaged groups (i.e., ‘designated groups’). Furthermore the Act stipulates that companies, depending on the number of people employed, must submit employment equity plans to the Department of Labour.
- The Skills Development Act – this law addresses the apartheid legacy of under investment in skills development of black people.

The Labour Relations Act sets out rules for the establishment of worker and employer representative bodies. In terms of the Act, a union must provide proof that it has sufficient representative in order to enjoy organisational rights accorded by the Act, for example, the rights to access the workplace and the implementation of a stop order facility. With regard to other rights such as, the right to elect shopstewards, right to assist in grievance and disciplinary hearings, and the right to disclosure of information depend on being recognised as a major union.

The Labour Relations Act has been criticised by business largely for the perception that the Act makes it difficult to hire and fire employees. The law is not overly cumbersome in terms of retrenchments for operational reasons. In fact ‘operational’ requirements are widely defined and retrenchments are easy to implement – so much so that more than 500 000 formal sector jobs were lost in the first five years of the implementation of the Act. With regards to the dismissal of workers, the Act does require an employer to demonstrate ‘fair reason’ and ‘fair procedure’. The Act addresses past discriminatory practices where unskilled black labour were seen as an easily disposable labour source. The Act seeks to change employers approach in the management of their workforce, something that they are generally reluctant or find difficult to do. Through this law, the Commission for Conciliation, Mediation and Arbitration (CCMA) was established to resolve disputes between employers and employees. Most importantly, the Act encourages employers and trade union to reach agreements through collective bargaining.

Two laws, in particular, place specific requirements on companies to establish committees and draw up implementation plans. These are the Employment Equity Act and the Skills Development Act.

1. The *Employment Equity Act of 1998* seeks to redress past inequalities in terms of employee recruitment and employment profiles of companies. The act states that “every employer must take steps to promote equal opportunity in the workplace by eliminating unfair discrimination in any employment policy or practice”. Employment policy or practice includes: recruitment, job classification, remuneration, employment benefits, terms and conditions, and promotion and dismissal. The act makes specific reference to disadvantaged groups, referred to as “designated groups”, which are blacks, women and the disabled. Companies are required to develop employment profiles, identify barriers to employment/advancement of designated groups within

their company, and develop and implement plans to address this. Companies must compile reports together with worker representatives and submit the reports the Department of Labour. The EEA applies only to firms of a certain size (based on employment or turnover). It does not specify any targets leaving it to individual companies to determine their own targets after consulting with employees/unions.

The main features of these plans are:

- a. To achieve reasonable progress towards employment equity;
- b. State the objectives to be achieved each year, the names of those managers responsible for the implementation of the plan, and the affirmative action measures to be implemented;
- c. Set numerical goals to achieve the equitable representation in occupational category and level in the workforce, a timetable indicating when this is to be achieved, and the strategies intended to achieve the goals;
- d. Set a timetable for each year of the plan for the achievement of goals and objectives other than numerical goals; and
- e. Set procedures to monitor and evaluate implementation of the plan and to resolve any dispute about the plan.

The plan may not cover a period shorter than one year or longer than five years.

Under section 24, designated employers must assign one or more senior managers to take responsibility for monitoring and implementing the Employment Equity Plan.

2. The Skills Development Act places a levy on employers to contribute to a fund that supports skills development in all sectors of the economy. In terms of the Act, employers are required to contribute 1% of their wage bill, which is low when compared to international norm on expenditure on skills development. Employers implementing a skills plan can recover their costs from this fund. The law thus forces all employers to share in the costs of skills development, and also creates incentives for them to establish workplace skills plans.

The following table briefly sets out how South African labour legislation gives effect to the fundamental labour rights established by the ILO Conventions as well as the dates when they were ratified by the South African government.

ILO Core Conventions	National Legislation
Freedom of association (Conventions 87) Ratified 1996	This convention is enforced in the LRA, Act number 66 of 1995.
Right to organise and to collective bargaining (Conventions 98) Ratified 1996	This convention is enforced in the LRA. The LRA obliges employers to disclose information relevant to collective bargaining.
Abolition of all forms of discrimination (Conventions 100 & 111) Convention 100, ratified 2000 Convention 111, ratified 1997	This convention is enforced through the Employment Equity Act. However, government has chosen not to enforce equal remuneration in the labour laws, but to leave it open for the labour movement to apply this convention by means of collective bargaining between employers and employees. There is still a large wage

	gap between women and men and between black and white workers doing work of equal value. Discrimination with regards to people suffering from HIV/AIDS is also covered in the Employment Equity Act.
Minimum Age Convention (Convention 138) Worst Form of Child Labour Convention (Convention 182) Both Ratified 2000	This convention is enforced as part of the BCEA. The law prohibits employers from employing children of less than fifteen years of age.
Abolition of forced labour (Conventions 29 and 105) Both ratified 1997	This convention is enforced through the BCEA.

South Africa has ratified all of the ILO core conventions and implementation is largely complete. Each of these key labour rights are discussed individually in the research findings.

5. RESEARCH FINDINGS

The research covers 8 areas, freedom of association, collective bargaining, workplace restructuring, training, discrimination, child labour, health and safety at work, and environmental issues. Under environmental issues we also discuss the companies social responsibility activities.

5.1 Freedom of Association

The 4 unions that have organised workers at the company are all members of the bargaining council. They are:

- o the *National Union of Metalworkers of South Africa* (NUMSA - COSATU affiliate),
- o *Metal and Electrical Workers Union of South Africa* (MEWUSA - NACTU affiliate),
- o *Solidarity*, and
- o *United Association of South Africa* (UASA – FEDUSA affiliate).

The study confirmed that workers are free to join unions of their choice. All the above unions have recognition agreements with the company, and the company deducts union fees. The company expressed its willingness to work with all trade unions that are members of the bargaining council.

When workers were asked how many shopstewards were at the plant, they were generally unsure and their responses ranged from 1 to 16. Although shopstewards have regular meetings with management, they were also not certain of the exact number of shopstewards at the plant. One possible reason for this is the fluctuation in membership. While NUMSA is the majority representative union within the overall company, majority differs from branch to branch. At the Vereeniging plant MEWUSA represents the majority of workers. The table shows shopsteward representation by union at the plant.

Table 3: NUMBER OF SHOPSTEWARDS PER UNION

UNION	NO. OF SHOPSTEWARDS
MEWUSA	5
NUMSA	4
SOLIDARITY	1
UASA	1

Source: Metso Minerals

Eight percent of respondents stated that management discourages workers from joining unions by telling them that unions cause strikes and workers won't be paid when they strike. However a more concerning statements made by a worker in this regards is "*they don't want to promote those who have joined the union to top position*". Another worker stated "*they tell workers that they wouldn't work for long if they join union*".

Six percent of workers further stated that management discriminates against workers for belonging to trade unions. Some of these workers explained that management preferred workers belonging to certain unions only. This is very concerning and it was brought to the researchers' attention that a NUMSA member who has a BA degree had applied for a management post. He was not given the post but rather a MEWUSA member with only a matric qualification (grade 12) was appointed to the position. It is the researcher's view that this may indicate bias within management, particularly lower ranking managers/supervisors working in the plant.

A positive relationship exists between the unions and the company. This is demonstrated by the fact that there has been no disruptions/strikes at the plant over the past 5 years with the exception of a nationwide strike over wages in 1999. Also there is an agreement between management and shopstewards to hold monthly meetings although it does not occur as frequently and usually depends on the availability of management. When management postpone a meeting no alternative date is given leaving shopstewards to presume that issues to have been discussed in the meeting would be carried over to the next months meetings. According to shopstewards management sometimes call meetings suddenly leaving them ill prepared. Meeting usually deal with non-substantive matters, that is, issues that are not covered in the bargaining council.

While workers confirmed that trade union representatives have access to the workplace, shopstewards expressed difficulty in accessing "workers in other departments", that is departments which do not have shopstewards.

The table below reflects the responses to the question: " Does the union have freedom to distribute information to workers at the company/plant? The above mentioned difficulty experienced by shopstewards may be the reason that only 52% of workers responded to the question as always and 36% as most of the time.

TABLE 4: Union Freedom to Distribute Information

	Percentage
Always	52
Most of the Time	36
Seldom	6
Never	2
No response	4
Total	100

In the main the company complies with laws of the country and international obligation with regards to freedom of association.

5.2 Collective Bargaining

All issues related to working conditions are negotiated at the Metal and Engineering Industries Bargaining Council. Negotiations are held annually. The study found that most workers (74%) thought that negotiations take place either at the plant or the company level. Only 14% of those surveyed in Metso knew that negotiations take place at the bargaining council.

The table below reflects the wage per hour for each job grade. While, with the exception of B3¹, all other grades receive a higher wage than the minimum wage agreed to at the bargaining council.

It is important to note that in grade C1 there are about 88 workers² of which 20 are black (77% are white workers). In terms of wage, this grade is paid R7,88 per hour more than the prescribed minimum hourly wage. In grade B3 there are 31 black worker (out of a total of 38 workers) and in grades B2 to A1 the density of black workers are 100%. Amongst grade B3 and A1 the highest pay difference (that is, the difference between minimum wage and what the company actually pays) is in grade A2 of R2,62 per hour.

TABLE 5: Wage per Hour by Grade

GRADE	SALARY PER HOUR
C1	35.49
B3	26.05
B2	22.67
B1	19.22
A2	17.04
A1	14.51

Source: Metso Minerals

¹ At grade B3 minimum wage is paid.

² This figure includes grade C1 workers that were not part of the sample as they worked in the office (administration).

Based on employment status, that is permanent employment compared to non-permanent or contract workers, 78% of the respondents stated there was a difference in wage with contract or non-permanent workers getting paid more. Some of the contract workers are ex-employees who had gone on retirement and are recalled by the company. They and all other non-permanent workers are employed through labour brokers. Non-permanent workers cost the company R396 620 per month. It is a growing trend in the country for companies to hire labour through labour brokers. This allows the company to circumvent the country's labour legislation.

All permanent workers are entitled to the following benefits:

- Provident/pension fund,
- Medical Aid,
- Loans,
- Education Bursaries,
- Paid vacation,
- Paid sick leave,
- Medical facility on site,
- Incentive bonuses,
- Severance pay, and
- Paid maternity.

With regards to these benefits, workers pointed out the following:

- Medical Aid – It is offered to all employees but lower-earning employees cannot afford to purchase medical cover. According to the company, unskilled personnel accounts for only 0.5% of the value of benefits to employees. This is due to the high cost of medical insurance in South Africa.
- Educational bursaries – While workers acknowledged this benefit, they stated that it was too little. According to the company policy, this is not a bursary but a subsidy, with a 50/50 share in cost. However if the employee successfully completes his/her studies he/she is refunded their share of the cost plus a further 10% of the total cost. From the responses received it seems as though workers are not properly informed of this policy. While this policy may seem encouraging the researcher notes the following concerns. Firstly, according to the policy, the head of department must approve and forward the application to the personnel department. This gives the head of department excessive discretionary power leaving the workers future in the hands of the head of department. Secondly, the policy states; “...employees to study in fields which are directly applicable to their present job or applicable to jobs planned in their career path with the Company”. This statement limits workers choices as to their study option and future career path.
- Dissatisfaction was expressed on the manner in which incentive bonuses were based. Incentive bonuses are based on profit and not production. Decisions that affect profitability are taken by management and if these decision do not lead to desired profit levels, and although workers have produced the desired output, they do not benefit from the incentive bonus.
- Workers also pointed out that the medical facility is closed at night and this leaves the night shift workers vulnerable.

Non-permanent employees do not receive any of the above benefits. This is the reason their salaries/wage is higher as their deductions are lower and hence their actual net pay higher.

According to the Bargaining Council agreement, the maximum number of normal and overtime work hours permitted per week is 40 and 10 respectively. While no problem exists with regards to the normal working hours, the study revealed that workers sometime work more than 40 hours overtime per week, working 12 hour days over weekends. One worker stated that since January 2003 he has been working 7 days a week. Workers said that they were afraid to turn down overtime because they would be victimised by their departmental manager, for example, if they refuse to work over time during the week, that is Monday to Friday, then they don't get over time over the weekend. In terms of the excessive overtime hours worked by employees, the company is in breach of the Bargaining Council Agreement and the ILO Convention 155, which was ratified by South Africa in February 2003.

Union requests for company information essential for negotiations elicited the following response from respondents³:

TABLE 6: Union Request from the Company for Information for Negotiations

	Percentage
Never	19
Scarcely	35
Reasonably	16
Fully	30
Total	100

Shopstewards confirmed that management is reluctant to provide information. They accused management of sometimes using delay tactics. For example, request for information on how many non-permanent workers were working at the plant was still not received. However when information was provided it was done timeously. Forty eight percent of the workers compared to 24% felt the information when provided was relevant. Shopstewards agreed with this sentiment.

There was no action taken against the company for failing to comply with collective agreement. However the issue of overtime has been raised with the HR department.

In terms of the LRA, shopstewards are entitled to time off, from normal working hours, for union work. The company complies fully.

5.3 Workplace Restructuring

An overwhelming majority of the respondents said that the company uses contracted labour and there is an increase in the use of subcontracted labour. According to management just over 4% of employees are non-permanent⁴. Forty five percent of respondents said they did not know if management discussed restructuring issues with the union, while forty percent said management don't discuss such issues and only 5% said management does. However the shopstewards did confirm that management discussed such issues with them.

³ Only 43 out of the 50 interviewees answered this question.

⁴ Non-permanent refers to casual, part-time or contract workers.

Over the past five years, the company outsourced the security and office cleaning functions. No one was retrenched during the outsourcing and employees that performed these functions were redeployed within the company.

Sixty eight percent of workers said that they did not know if management demands from its sub contractors/suppliers to adhere to all labour laws. The criteria used by the company to select contractor to provide non-core services are cost and level of service provided.

Since the company started operations in the country it has grown substantially mainly through acquisitions. Over the last 3 years the company has increased its workforce (some departments in the company have grown). During the same period, retrenchments did occur, affecting a few senior management positions, due to the merger with Svedala.

5.4 Training

The Company and the Vereeniging plant skills profile is illustrated in the table below.

TABLE 7: SKILLS PROFILE OF COMPANY AND VEREENIGING PLANT

Skills Profile	Company (%)	Vereeniging Plant (%)
Highly Skilled/ Professional/Management	9	6
Skilled Artisans/Production Personnel	78	74
Unskilled Personal	13	20

Source: Company

The company complies with the Skills Development Act and Skills Development Levies Act of the country. It also has a study loan policy, discussed above. Fifty six percent of respondents indicated that they did receive some form of training and in most cases it was the managers decision for them to be trained. The company spends just over 2% of its wage bill on training.

5.5 Discrimination

Most respondents stated that there have no complaints of discrimination based on race, gender, religion, disability or any other personal attributes. A few workers did point out that there was an incident of black workers being treated badly by white workers. Meetings were held with management and no decisions have yet been taken. It was also mentioned that white workers are favoured for promotion over black workers. Shopstewards pointed out that the few incidents of racism were sorted out internally and other incidents still being discussed.

The company has an employment equity plan, but the majority of workers stated that they did not know of the plan or that the company did not have a plan. Eighty percent of respondent stated that the company does not have or they did not know if the company

had a code of good practice to deal with sexual harassment. Only 52 percent of interviewee said that the company has a code of good practice to deal with HIV/AIDS.

While the country has ratified ILO Conventions 100 and 111, it seems as though discrimination still exists at the company. All laws of the country prohibit any form of discrimination.

5.6 Child Labour

All respondents acknowledge that the company did not employ children. Sixty eight percent said that the company does not demand from its suppliers not to employ children under the age of 16.

Although the company complies with labour legislation and ILO Conventions 138 and 182, it does not ensure its suppliers do the same.

5.7 Health and Safety

Metso has a Human Care concept applying life-cycle thinking to human resource management. Apart from life-long learning, Metso seeks to secure the development of good physical and mental welfare in all workplaces, for all employees.

The study found that 90% of respondent acknowledged the existence of a health and safety committee. Training was provided occasionally. Forty eight percent described the training as insufficient, only 20% considered the training as plenty and the remainder said it was adequate. Seventy two percent said that the company was willing to discuss health and safety problem at the workplace and 50% said that the company was willing to discuss such issues for sub-contracted workers.

5.8 Environment

The Corporation says it contributes to ecological sustainability through all its activities. Metso, emphasizes process optimization to save energy, raw materials, and money; and to minimize emissions into the air and other environmental impacts. Metso Minerals has established a separate business line that concentrates on solutions for metal recycling.

For the fourth time in 2002, Metso was included in the Dow Jones Sustainability Index and for the first time in the FTSE4 Good index. Inclusion onto these indexes is recognition of good performance in environmental sustainability, corporate social responsibility and human rights. *"It is the task of product development to ensure that the environmental impacts of new products and services are taken into account. Many laws and regulations that promote environmental protection, guide the Corporation's operations. Moreover, environmental systems meeting ISO 14001 standards are essential tools in Metso's environmental management."*

Metso develops reporting system in line with the guidelines set by the Global Reporting Initiative (GRI). Metso's strategy, operating principles and management systems as well as progress made in economic, environmental, personnel and social performances are recorded with key indicators. In 2002, its environmental and technology reports were combined into a sustainability report, based on GRI guidelines. Workers acknowledged that the company had a clear policy on environmental standards.

With regards to social responsibility programmes only 34% of the respondents knew that the company has such a programme. Every year, Metso collects money from its personnel in the units in Finland during a one-hour action. This action is organized in cooperation with the Finnish Children's and Youth Foundation. In 2002, half of the yield of EUR 75,000 was spent on a SOS children's village in Johannesburg, South Africa, and half on two Finnish youth schemes, Youth Academy's Mahis (Chance) project and campaign for good parenting by the Mannerheim League for Child Welfare. Metso Minerals South Africa had started to support the Ennerdale SOS children's village already in 1982. This village is one of six in South Africa. The village organization belongs to SOS Kinderdorf International. There are 146 children in 15 houses, a social centre for the local community and a training centre for mothers.

In addition the company assists the rural community of Isithebe through road maintenance, and general donations and sponsorships towards charities such as Hospice, etc.

6. CONCLUSIONS

1. In the main the company complies with the labour legislation of the country, the industry bargaining council agreements and the 8 core ILO conventions.
2. At present shopstewards can only meet with members during their lunchtime to discuss workplace related issues. Lunchtimes have proved to be insufficient to deal with all the issues. Therefore many workers are ignorant of company policies or do not understand the policies. While there are many committees that are made up of management and shopstewards/unions, the workers seem unaware of these forums and those that are aware of them are not well informed of the outcome/decisions taken by the committees. Workers are also unaware of the company's engagement with the community, particularly the company's social responsibility activities. There is a need to improve communication to workers, especially between shopstewards/unions and the workers.
3. Lower ranking managers have been accused of many forms of discriminatory behaviour. There have also been incidents of discrimination based on race. This type of behaviour does not bode well for the company's image. This can demotivate workers, adversely affecting productivity.

There is a policy at the company that prohibits workers from going into other department. Shopstewards have stated that this prevents them consulting with members. It is also perceived that this policy is applied to black workers only.

While an employment equity committee, a skills development committee, and a recruitment policy exist the accusation that whites are favoured for promotion warrants further investigation. There are no inherent conditions in the recruitment policy to ensure that the recruitment process is fair. For example the policy does not specify that there should be some form of union representation on the recruitment panel except that a member of the EE committee be on the panel. This member could very easily be a management person.

4. The increasing use of contract labour suggests that the company's skills development plan and employment equity plan do not speak to labour demands of the company. The unions need to play a more active role here.
5. It is of extreme concern the number of overtime hours worked by some workers. While workers are paid for the overtime, excessive overtime poses a serious risk to workers mental and physical health. The excessive overtime hours suggests a need to employ more workers but in order to avoid the "*strict regulations in place regarding retrenchment and reduction of employees*"⁵ workers are "forced" to work overtime.
6. Over the past years companies have restructured their operations to focus on core business, relying on suppliers for inputs into their production system. Neo-liberalism together with stiff global competition places downward pressure on wages and other working conditions. Research has shown that there is a growing trend among MNCs to ensure their supply chain conforms to local and international labour norm. Metso Minerals (SA) fails in this regard. While the company itself demonstrates its commitments to local and international labour standards, it needs to ensure its suppliers do the same.

7. BIBLIOGRAPHY

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⁵ Company questionnaire. It has earlier been pointed out that this is a perception of business.

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Metso Minerals: Study Loan policy
Metso Minerals: Sustainable Report

www.metso.com
www.metsominerals.com

RESPONSE BY METSO MINERALS SOUTH AFRICA

TO THE

SOCIAL OBSERVATORY PILOT PROJECT NALEDI REPORT

6. CONCLUSION

Given the history of South Africa and the fact that Vereeniging was a Nationalist Party stronghold, the company is pleased with its positive employment relations and that these are recognised in the report. These include:

- freedom of association
- the positive relationship between the company and the unions demonstrated by the absence of industrial action
- the efforts put into Employment Equity and Skills Development
- the acknowledged company policies on health, safety and the environment.

In response to the Conclusion (section (6)) reached in the report compiled by NALEDI after its survey, the company wishes to comment as follows:

AD PARAGRAPH 2

The Trade Unions insist that it is the duty of their Shop Stewards to provide feedback and to keep their members informed on all matters affecting them. On request, the company does grant them extended time within which to do so.

AD PARAGRAPH 3

1. From the explanation provided by Naledi's Mr Devan Pillay the statement "Lower ranking managers have been accused of many forms of discriminatory behaviour", in fact referred to supervisors and foremen.
Whilst any form of racism is strictly against company policy, it is possible that a supervisor may make an inappropriate comment as a legacy from the past. The company has put all its supervisors through Industrial Relations training.
2. There is a formal procedure in place which has to be followed to allow access to other departments. This applies to all factory workers.

3. The Employment Equity Committee was established in terms of section 16 of the Employment Equity Act and comprises elected members, shop stewards and management representatives. Only non-management representatives are called upon to attend employment interviews.

4. Paragraph 4.6 states that 68% of employees interviewed stated that the Company does not demand from its suppliers that they should not employ children under the age of 16. It is submitted that very few, if any, of the employees would be aware of whether Metso made this demand of its suppliers.

AD PARAGRAPH 5

1. On average, the Vereeniging branch works 20% overtime which is well within the maximum of 10 hours per week laid down in the Main Agreement. However, on occasions such as breakdowns or maintenance exercises, this may be exceeded by some employees.
2. Overtime is voluntary – no one is forced to work overtime.

AD PARAGRAPH 6

It is entrenched in Metso's Ethics policy (Human Rights section) that child labour will not be used by the company and neither will it use suppliers or sub-contractors who do so.

However, it is acknowledged that Metso South Africa has not physically monitored its suppliers and sub-contractors to ascertain whether they make use of child labour or not.

The company realises that during any survey process, there may be a few employees who project negative views that may cloud the results but nevertheless, the company is pleased that on balance, there is a positive perception of Metso's employee relations.