

Sibanye-Stillwater in Marikana restructuring talks

Sibanye-Stillwater is speaking to its various stakeholders about restructuring its Marikana operations due to ongoing financial losses and some of its shafts reaching the end of their economic life. This will result in the rationalisation of overheads and the realisation of other synergies and efficiencies required to restore profitability and ensure the sustainability of the remaining shafts at the Marikana operations.



Marikana platinum mine

Through a formal Section 189 consultation process, the company and affected stakeholders will together consider measures to avoid and mitigate possible retrenchments and seek alternatives to the potential cessation or downscaling of operations at the affected shafts and associated services.

The S189 process follows a detailed three month review of the Marikana operation, post the Lonmin acquisition becoming effective in June 2019. The review and planning process included the simulation of alternative scenarios to minimise job losses.

Subject to the completion of the S189 consultation, the following actions have been deemed necessary in order to ensure the sustainability of this operation

Reducing and optimising the operational footprint

- The cessation of operations at the East 1 (E1), West 1 (W1) and Hossy shafts and the open-cast operations. These shafts and operations are loss making and have reached the end of their economic reserve lives. Pending the outcome of the S189 process, it is proposed that these shafts will initially be placed on care and maintenance.
- Ameliorate associated cost at some of the Marikana shafts which have previously been placed on care and maintenance.
- Optimisation of downstream concentrators, smelter and refineries, including closure of the Eastern Platinum C-stream (EPC) and Rowland concentrator plants.
- Rightsizing of the related support services and overhead structures associated with the aforementioned shafts.

Sibanye-Stillwater will apply its operating model to all mining and metallurgical processing units at the Marikana operation and the extension of existing Sibanye-Stillwater services to improve efficiencies and achieve cost savings necessary for sustainability.

Approximately 5,270 jobs (~3,904 employees and ~1,366 contractors) are expected to be lost due to the restructuring. As a result of an improved PGM commodity price environment the amount of job reductions is significantly less than previously communicated by Lonmin in 2017, with inter-alia, a plan to access sustainable reserves with enhanced crew efficiencies at the 4Belt (4B) shaft complex, which was scheduled for closure, retaining approximately 2,700 employees and contractors.

Between 2017 and September 2019 the workforce at Lonmin reduced by approximately 5,944 employees (including contractors), from 32,512 to 26,568.

The six month moratorium on forced retrenchments imposed by the Competition commission Appeal Court will lapse on 7 December 2019.

"The proposed restructuring is contemplated to ensure the sustainability of the Marikana operation, which is not a going concern as an independent entity. Whilst the review process concluded that certain shafts, most of which were at the end of their operating lives, would be affected, other shafts which had previously been at risk such as 4B shaft, K3 mining into Siphumelele ground, Roland mining into MK2 ground as well as K4 concentrator, will continue to operate, thereby lessening potential job losses. Overall, the outcome will be a more sustainable business which is able to secure employment for the majority of the Marikana workforce for a much longer period," said Neal Froneman, chief executive officer of Sibanye-Stillwater.

Since listing in 2013, Sibanye-Stillwater has, through steady growth, expanded its role in the South African mining industry. The group currently employs over 88,000 people in South Africa, compared with 37,700 employees six years ago, and is one of the largest employers in the South African mining industry.

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