

BUSINESS BEYOND COVID

NICK HOLLAND: Virus activates changes that should have been started years ago

The gold mining sector is finding common ground with its peers as well as the government, communities and unions

In the Business Beyond Covid series, CEOs and other business leaders and experts in their sectors look to the future after Covid-19. What effect has the pandemic and resulting lockdown had on their industries and the SA economy as a whole? Which parts will bounce back first and which will never be the same again? Most importantly, they try to answer the question: where to from here?

I have been reading a lot of late on how the impact of the Covid-19 pandemic will fundamentally change the world of business. If you work primarily in an office environment, undoubtedly. But in the world of gold mining I don't think that will necessarily be the case. We won't suddenly reinvent our business model, and if any Covid-19 induced operational changes are to be formalised their implementation will be incremental.

But as the saying goes, "never allow a crisis to go to waste". The Covid-19 pandemic has undoubtedly torn at the social and economic fabric of many societies and has had a devastating effect on millions of people around the world. In an effort to fight the virus, the pandemic has served as a catalyst in bringing together sections of society that don't normally co-operate that easily.

In gold mining we have found ourselves working far more cooperatively with our key stakeholders — the government, communities, industry peers and trade unions — than we have before. The Covid-19 crisis has also galvanised us in speeding up changes in the industry, which should have been started years ago.

I have been arguing for years that governments, trade unions and mining companies needed to enter a social compact to ensure that together "we grow the mining pie" for the benefit of all stakeholders, rather than fight over slices of an ever-shrinking pie. This has been particularly evident amid the recent wave of resource nationalism in many mineral-rich nations. But the agreements needed to boost the mining sector have not been forthcoming as most stakeholders have been pursuing their own self-interest.

With Covid-19 threatening the livelihood of workers and the tax income of governments, we have found more common ground with these stakeholders. In many countries in which we operate, governments have declared mining an essential service, allowing us to continue operating. And

mining companies have actively supported governments in their health efforts by providing facilities, resources and much-needed funding.

At our South Deep mine here in SA we have reached agreement with our two registered trade unions on a wage deal for the different stages of lockdown. Under the level 4 lockdown all employees are guaranteed 80% of their base wages, a percentage that will rise as more restrictions are lifted. This agreement ensures that retrenchments are avoided while also mitigating the potential financial losses of the mine, which is currently operating at 50% of its manning capacity.

We will be working actively with our stakeholders in the hope that we take this spirit of co-operation beyond the pandemic to critical areas such as skills development, working arrangements and, in particular, mining regulation. The crisis has highlighted how the industry, with high capital requirements, long lead times and price volatility, can be thrown off course by onerous and uncertain regulations, such as the frequent alterations to the Mining Charter in SA. This sector requires stable and consistent regulations and laws that are evenly applied so that it has the means to recover from and assist governments when crises such as Covid-19 strike.

Another positive development emerging out of the current crisis is the strong focus on the health of our workers and our communities. We have always prioritised safety at our operations, but this crisis has forced us to give equal attention to the health and wellness of our people. It's highly unlikely that measures such as social distancing will remain with us once the crisis is over, but what we will retain is the ability to test our workers, support them as they deal with occupational and non-occupational diseases, and focus on their mental wellbeing.

We have been asked repeatedly if this crisis has forced us to prioritise our financial survival at the expense of the so-called softer environmental, social and governance (ESG) issues. To the contrary. If anything, this crisis has seen us giving even more attention to ESG factors. We are being judged on how we address the needs of our employees, contractors, suppliers and communities as well as our stewardship of the natural environment in which we operate.

The need for strong relationships and engagement with our communities has become even more apparent during the crisis. It is far more likely that a mineworker contracts the virus in the community than at the mine. This is why a significant portion of our Covid-19 prevention strategies have been rolled out to communities as well. These strategies are an extension of the shared value programmes we have already successfully established to boost the economies of our communities, including prioritising employment of host community members and procurement from enterprises in these communities.

In terms of technology, the Covid-19 crisis will undoubtedly help accelerate mechanisation, automation and digitisation in the mining industry. We see a faster adoption and implementation of data-enabled machinery and devices in the sector.

I chair a CEO advisory group on cleaner, safer vehicles comprising the International Council on Mining & Metals (ICMM) and leading original equipment manufacturers. In this forum we are discussing the introduction of electric vehicles in mining, considering the gradual rollout from possibly 2025 onwards. I believe now that this is too late and want to introduce a more ambitious timetable at Gold Fields. Vehicles are the main agent of accidents in mines, they are the cause of diesel particulate emissions harmful to employees, and are the main contributor to the sector's carbon emissions. The Covid-19 pandemic has highlighted the need to address these issues with far greater urgency.

Operating machinery remotely is another trend that I see accelerating. This is social distancing at its most extreme as it ensures our people can operate machinery away from their colleagues and away from working areas where they are most at risk. These technological changes will require a new skills set among our workforce. Where possible we will retrain our employees to work in these new environments, but in the long term it will undoubtedly lead to lower staffing levels at most mines.

All these developments have been at the forefront of our strategies for some time. If Covid-19 proves the spark to accelerate their implementation it will have done some good for the sector. But the industry has already been on a path to modernisation and automation, closer working relationships with impacted stakeholders and a heightened focus on sound environmental stewardship and good corporate citizenship. This path is irreversible and we will walk it well beyond the pandemic.