

In conversation with Lonmin's Ben Magara: Part 2

By [Karin Ireton](#)

17 Jun 2016

In the second part of the conversation with Lonmin CEO, Ben Magara, he gets back to basics with a look at sustainability, safety and what the future holds for the platinum industry.

With the share price and the company reputation battered by the combination of the Marikana events, the severe downturn in the commodity cycle and the six-month industry strike in 2014, there were few options open to Magara. The company couldn't spend its way out of the problem. Everybody had to sacrifice something: the unions had to concede to the loss of 6,000 jobs, senior managers were retrenched and directors had to take a 'haircut' on their fees.



Ben Magara chatting to Caroline Digby from the Centre for Sustainability in Mining and Industry.

Safety

Safety is a priority. Emotion rushes to his face when he speaks of the horror of his first day as a young team leader when the man leading the shift before him was killed only metres away from him by a roof collapse. The determination not to see people die under his leadership has driven him ever since.

Perhaps that is one of his strengths. His own life experience as a child growing up in a rural area without appropriate infrastructure, means he understands where his workers come from. He is able to imagine himself in the inhumane living conditions of the old hostels or the shacks that many turned to in post-apartheid years and find them wanting and a cause for action.

He participates actively in collaborative industry initiatives such as the “Courageous Conversations” process and the tripartite safety initiatives, which have led to a dramatic fall in the fatal injury rates. But, one can still hear the deep regret in his voice when he acknowledges that even now neither Lonmin nor the industry has achieved zero harm.

The collaboration on safety is, he says, an example of what could be done to drive greater collaboration in addressing the big social challenges in the mining belt. The reality he says is that the R1bn a year the industry spends on social and labour plans in that area has to be brought back to defend the mining licence – or risk losing it – so sub-optimum outcomes are frequently the result.

Community engagement

Lonmin has made changes including the creation of employee share option schemes (ESOPs) and a community shareholding with the Bapo Ba Mogale, who now hold a material 2.2% of the stock. While this might sound insignificant to those outside the industry, he points out that this is worth many millions of dollars. “US not Zim,” he quips. The problem is that in current circumstances the company cannot pay dividends so the trust and belief in the company’s future value has to be built.

He meets with that community as he would with all other material shareholders and explains the quarterly results, the progress and the future outlook. While they wait for the return of profitability and a flow of dividends, procurement options with benefits flowing back to the community have been opened up.

Questioned about the success of past community funding initiatives, he admits that some have seen significant amounts of money disappear without impact. On the failure to implement past plans for housing he points to the fact that this cyclical industry has to learn to save during the good times to smooth out the inevitable downturns.

Critical to ongoing success is that stakeholder engagement teams understand the mining process and experience the conditions, he says. But, it is also critical that line management understand the expectations of communities, participate occasionally in engagement sessions and offer suggestions when it is the impact of mining processes that are under discussion.

On migrant labour, housing and water affairs

On the issue of migrant labour Ben acknowledges the challenges, but insists that the solution is not simply to stop employing people from distant places – as that would have a significant economic impact on the Eastern Cape and Lesotho and other labour-sending areas.

In the 50km zone around the mine, the company has stepped up its focus on addressing the societal issues. The remaining single sex hostels were converted and upgraded. A partnership was created with government whereby the mine provided land and government provided cash to create new housing – not a mining compound, but a place where miners could live side by side with workers from other sectors of the economy.

Asked about the challenge of mining in South Africa’s arid North-West Province, Magara talks about ensuring that grey water and water captured in the rock dams on their properties can be repurposed for industrial use. If it comes to a war over who will use the drinking quality water, the community will win every time, he says.

Does platinum have a future?

With the need to curb emissions caused by growing populations that want transport into the future, it is only the PGMs that can provide effective catalysts – capable of delivering good performance at high temperatures. With that in mind and the growing use of fuel cells in energy generation he is confident that there is both the market and the resource to last a long

time.

Magara lights up when questioned about Lonmin's turnaround: "I am very pleased with the positive momentum because results matter, a profitable and thriving business is essential for sustainability and employment of future generations and should create shared value for all stakeholders".

It's clear that for him most things start with respect; respect for his own deeply held beliefs and value systems; respect for all of the people who work for and with him; and, respect for the stakeholders around them.

He can't change the past or wave a magic wand to recreate the platinum pot at the end of the rainbow of pre-Marikana days, but Ben Magara shows up with passion and purpose and a desire to contribute to a different future.

If you missed the first part of Ben Magara's conversation, [click here](#).

Source: [Centre for Sustainability in Mining & Industry](#)

For more, visit: <https://www.bizcommunity.com>