



Strike points the way for new climate of co-operation at CVSA

A strike in the second quarter of 2006 has proved to be a catalyst for increased understanding and interaction between management and employees at the Cerro Vanguardía mine in Argentina.

The mine, which is 92.5% owned by AngloGold Ashanti with the remainder owned by Formicruz (which in turn is owned by the Santa Cruz Province) is a significant economic hub in this remote region of Patagonia and is the single largest private sector employer for the community of Puerto San Julian, a town located some 150 kilometres away.

Shift workers from Santa Cruz's main cities, including Puerto San Julian, Caleta Olivia and Rio Gallegos, live on site for most of the week, while office workers travel the two hour journey to work on a daily basis. In total, the company employed 535 employees and 386 contractors during 2006.

The strike, which coincided with an increase in populist political activity in the country was not co-ordinated or supported by the union, the Asociación Obrera Minera Argentina (AOMA), which represents close to 70% of the workforce. Demands by striking employees related primarily to salaries, recognition of seniority, and tax compensation. What made dealing with the strike even more problematic was the fact that the strike was conducted independently of the union and hence no formal structures for leadership or channels of communication existed.

In total, some 200 employees were involved in the strike, which resulted in two days of work being lost in April and a further week being lost in May. Of great concern to the company was the fact that the strike was accompanied by acts of sabotage of mining equipment, which resulted in material damages in the order of \$3.5 million. A total of 30 employees were dismissed as a result of the sabotage.

With hindsight, the management of CVSA has recognised that greater interaction with the union on material issues, improved internal communication structures and addressing fears relating to insecurities following recent organisational changes (the mine recently took over the maintenance of its own vehicle fleet and, in so doing appointed additional skilled employees to its workforce, many of whom could not be sourced locally from San Julian), could have prevented the build-up of tensions that contributed to the strike. Accordingly, greater emphasis is being placed on:

- Strengthening the relationship with the union. The company believes that a strong and representative union which acts in the best interests of the majority of employees and actively engages with management, is in the interest of both the company and employees. This approach has been integral to AngloGold Ashanti's labour relations strategy in South Africa since the 1970s, in its previous form as an operating division of Anglo American.
- Encouraging a culture of communication and breaking down the barriers between management and employees, reinforcing participation in formal information meetings, and encouraging opportunities for informal interaction and integration.
- Increasing the active and visible presence of the mine within the community while at the same time encouraging the community to establish partnerships with the company and to take joint responsibility for its future.



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- Placing greater emphasis on local procurement where this is possible.
- The visible institution of the right of representation and consistency of outcomes within the industrial relations policies and procedures of the company.

In addition, the company has stepped up its efforts to provide developmental opportunities for local employees through its active involvement with the University of Patagonia (UNPA) and in the development agency which is aimed at stimulating economic activity and development in the town of Puerto San Julian during the life of the mine and after mining operations have ceased. *(See case study at www.aga-reports.com/06/partnerships-CVSA.htm on Partnerships in Patagonia).*

