

Lonmin To Retrench 5500 Workers

Written by Rudi Prinsloo

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The world's third largest platinum producer, Lonmin, is retrenching 5500 employees after it reached an agreement with trade unions, the company said on Tuesday.

"The agreement at Marikana allows for a reduction of up to 4000 full-time employees or contractors, 300 of which are expected to be management personnel.

"Following agreement at Limpopo, the Baobab shaft will be placed on care and maintenance, with around 1500 full-time employees expected to be retrenched," the company said in a statement.

The move follows agreements reached with unions representing employees at the company's Marikana and Limpopo operations.

"With the current backdrop of challenging economic conditions, these agreements are an important milestone in our objective of restructuring the company," said chief executive, Ian Farmer.

Lonmin was in talks with its staff at Marikana to complete the "down-sizing". The Baobab shaft in Limpopo would be put on care and maintenance as soon as possible.

"Our dialogue with the unions has been constructive and pragmatic. We appreciate their active engagement during this difficult period," said Farmer.

The company would confirm the total number of employees affected, the costs saved and once-off costs of the downsizing once it had been concluded.

Further details would be disclosed during Lonmin's interim results, to be released in May.

In November, the company announced that it expected sales for the 2009 financial year to match the previous year's, at around 725,000 platinum ounces.

This included a full year's contribution from Limpopo of around 25,000 platinum ounces.

"Following the agreement to place Limpopo on care and maintenance, the company re-confirms that it still expects to achieve sales of around 700,000 platinum ounces from a full year's production at Marikana," the company said.

In November last year, Lonmin announced that it had begun cutting jobs to respond to the global financial meltdown.

According to Bloomberg, the price of platinum has dropped 51 percent since trading at a record high in March 2008.

Anglo Platinum, the world's largest platinum producer, was cutting 10,000 jobs due to a drop in

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demand for the metal used for catalytic converters and jewellery.

Trade union Solidarity spokesman Jaco Kleynhans said it was "possible" that further retrenchment would take place.

"Our perception is that Lonmin is in great difficulty so yes, we think that more retrenchments is possible," he said.

Solidarity represents around 800 employees at Lonmin.

National Union of Mineworkers spokesman Lesiba Seshoka was not immediately available for comment.

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