



## INDEBTEDNESS FACT SHEET



“We are concerned about the well-being of our employees and have various initiatives and programmes in place to assist indebted employees.”



Dikoloto – Be Aware, Be Wise, Be Free

## What is debt?

- Debt is when an individual's expenses exceed their income.
- Many employees are struggling with a level of personal debt that is difficult to manage
- Indebtedness has a deep impact on employees and their families. Research has shown that it is an underlying cause of low morale, stress and labour unrest in the mining industry.



## What are the principal causes of debt?

- **Employees living beyond their means:** Employees succumb to peer-pressure in seeking to emulate the lifestyle of their neighbours, even though their incomes may differ substantially.
- **Financial illiteracy:** Employees lack sufficient literacy to understand the detail of credit agreements and the complexity around interest and fee structures.
- **Failure to budget effectively:** Employees do not always plan their household expenditure or determine the affordability of taking on additional repayment commitments.
- **Easy access to cash:** Nearby shops advertise cash offers, attracting employees into the debt cycle.
- **Irresponsible money-lenders:** Mineworkers are often vulnerable to irresponsible lenders who act outside of the law and exploit borrowers.
- **Fraudulently obtained emolument attachment orders (EAO):** Some of the EAOs issued are obtained by fraudulent means.
- **Providing for a second household:** Employees who migrated from rural areas or neighbouring countries have established a second family in the vicinity of the mine, which they need to support.
- **Protracted strike:** The five-month-long strike in the platinum sector in the first half of 2014, during which the 'no work no pay' principle applied, had a material socio-economic impact on our mineworkers, resulting in many increasing their dependence on credit still further.

What are the implications of being in debt?



High interest rates on credit and loans



High probability of credit and loan applications being declined



Calls from debt collectors



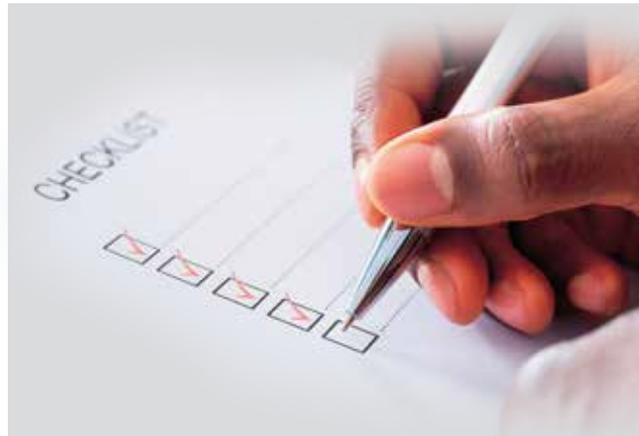
Repossession of assets



Being blacklisted at a credit bureau

## What actions has Impala taken to educate employees about debt and to reduce debt for employees?

- Impala has developed initiatives to assist workers with financial literacy and planning, and to mitigate employee indebtedness.
- As part of Impala's team mobilisation initiative, the company has established an internal task team to promote progress. The team mobilisation project strives to bring about attitude and behaviour change as well as improve safety and performance amongst individual teams.
- Impala has launched a campaign and a one-day financial life skills course to educate employees about how their payslips are structured. The course includes aspects such as pay structure, benefits and deductions, overall impact on net pay, managing budgets and debt consolidation.
- Impala continuously educates employees about the dangers of debt and equips them with tools and tips to alleviate their debt.
- An Impala wellness forum meets monthly to consider all employee wellness issues, including financial wellness, within an integrated framework.
- Impala has implemented stringent measures to ensure that micro-lenders found to be operating at residences and on mine property are removed.
- Impala has employed a former sheriff of the court in its finance department to assist in identifying and curbing fraudulent garnishee orders.
- The payroll office records levels of personal debt and monitors trends.
- Impala refers high-risk employees to Careways financial advisers for assistance with understanding and managing their debt. Careways also provide debt counselling and debt consolidation services.
- In 2015, Impala audited 40 cases in which judgments had been obtained against employees and EAOs issued. In virtually all these cases Impala found one or more substantial breaches of the rules relating to judgments and EAOs. In August 2015, a court ruled that these EAOs had been obtained illegally, and employees were released from all obligations to pay.
- Impala has made detailed submissions to the Chamber of Mines, which is consolidating information on the number and legality of garnishee order issues.
- Impala are working with the National Credit Regulator and Department of Trade and Industry, and providing input on the review of the National Credit Act Amendment Bill.



## What can Impala employees do to reduce their debt?

- Write down all monthly expenses and develop a budget.
- Always have money in the case of an emergency or for unexpected expenses.
- Spend wisely:
  - Spend only on needs, not wants.
  - Cut out unnecessary costs.
- Avoid credit and borrowing money:
  - Pay off credit cards and then cut them up.
  - Use cash or a debit card.
  - Avoid opening accounts.
- Shopping tips:
  - Avoid last-minute shopping.
  - Make shopping lists and stick to them.
  - Don't shop when you are hungry – studies show you always buy more and unnecessarily.

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facts . . .

- **4 855 employees** at Impala currently **have court orders** for debt
- **766 employees** were **assisted** by Impala in the last 18 months to **overcome their indebtedness**
- **R6.1 million** has been **saved due to debt reduction interventions** in the last **18 months**

## How can I save?



Save money in a savings account with the bank



Save a portion of your salary at the start of each month



Develop a budget and spending plan for every month



Cut out unnecessary expenses and buying on credit



Avoid credit loans and expensive clothing accounts

## Why you should save?

For emergencies

Emergency Funds (schooling / health / family)



For retirement

Retirement (Pension / Provident / Retirement Annuity)



For education

Primary / Secondary / Tertiary Education



For assets

Investments (Housing / Cars / Assets)



For advice, support and assistance call

0800 004 770

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