



Managing a changing risk profile at Savuka

Savuka gold mine (the name means ‘wake up’ in isiZulu) was previously scheduled for closure in the first quarter of 2006. After operating for some time as part of neighbouring TauTona, with which it shares a metallurgical plant, it was brought under the control of Mponeng gold mine in June 2005.

“After a thorough re-assessment of costs, and supported by the rising gold price, we concluded Savuka could still be profitable,” says general manager Johan Viljoen. In 2006, the mine made a profit of R120.2 million, compared with a R46.4 million loss the previous year. Costs have been contained at below R70,000/kg. “One of the key lessons we have learnt,” says Viljoen “is that we can successfully move out of our usual approach of operating only high-quality, long-life, low-risk assets. People’s ability to deal with change should not be underestimated.”

The mine’s complement was reduced from some 3,500 to 1,000, principally by natural attrition and intra-group transfers, with fewer than 500 employees retrenched. “Only employees directly involved in production, from section manager and section engineer level downwards, remained at Savuka,” says Viljoen, “with management and services coming from Mponeng.”

Insofar as mining infrastructure is concerned, strategy has focused on isolating non-productive mine areas and concentrating on the payable sections. “At current cost scenarios, the mine’s closure is now planned for the end of 2009,” says Viljoen.

These changes had a significant impact upon the mine’s risk profile. “This is something we missed at the beginning,” explains Viljoen. “Removing service personnel meant that virtually everyone working at Savuka was directly exposed to production and its related occupational risks.”

Savuka is a challenging mine from a safety perspective: established in 1958, it is currently the deepest operating mine in the world (mining is carried out at depths up to 3.7km) with long travelling distances between the shaft and the workplace.

Apart from the impact of the changed operational approach, the Mponeng management team had to deal with the challenges posed by low employee morale. “Inevitably, imminent closure has a negative effect on a mine’s risk profile,” says Viljoen. “People’s jobs are not secure, and there is a temptation to cut corners from a safety perspective in order to achieve production targets.”

To counter this, Viljoen and his team applied the safety management model successfully implemented at Mponeng, currently the only one of AngloGold Ashanti’s South African mines to have achieved a lost time injury frequency rate (LTIFR) marginally above 10.

The core themes of the model are articulated in a set of Mponeng values, derived from, and integrated into, the AngloGold Ashanti business principles. “The model focuses on a caring culture, placing value on people and their right to a safe workplace, and taking pride in work,” says Viljoen. With the full involvement of unions and associations, the Mponeng model has been transferred to Savuka through an ongoing process of education and communication. “We have found this was the key issue, as safety standards and procedures were already in place and being adhered to.”

The effectiveness of the turnaround strategy is evident in the mine’s improved safety results. Lost time injury frequency rates improved significantly in the last quarter of the year. For the first time in the mine’s history, it achieved 19 days completely free of injury in December 2006. Savuka is the only mine among the South African operations to have achieved two fatality-free years in succession.

Note: Unfortunately, on 14 February 2007, Savuka experienced three seismic events – of magnitudes 3.1, followed by a 1.1 and a 2.2 – resulting in an extensive fall of ground, and fatally injuring a scraper winch operator, Mr. Norini Sombo. Two of his co-workers sustained minor injuries in the accident.

Savuka mine LTIFR 2006
(rates per million man-hours)

