

AngloGold fears industrial unrest

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AngloGold Ashanti chief executive Mark Cutifani has warned that rising industrial relations tension in Western Australia poses the only risk to the company completing construction of its \$700 million Tropicana goldmine on time.

Mr Cutifani told *The Australian Financial Review* in Cape Town that Tropicana, which is considered the best gold discovery made in Australia in the past decade, was tracking ahead of schedule. However, he said was wary of heightened union activity.

"We're targeting October 2013 for commissioning, but we're tracking a little bit better than that," he said.

"My only caveat is as long as we keep a good relationship with the workforce; [as long as] we don't have those industrial risks manifest themselves in the wrong sort of ways."

AngloGold, which is the world's fourth-largest goldminer, owns 70 per cent of Tropicana, which is 330 kilometres north-east of Kalgoorlie.

It also owns the Sunrise Dam goldmine, 55 kilometres south of the WA goldfields town of Laverton.

Mr Cutifani, who was born in NSW but is now based in South Africa, said the company was yet to experience any problems with unions or its workforce in WA and he wasn't in the practice of "union bashing".

But the feedback he had received from others in the industry was that it had become "a lot tougher" for mining companies on the industrial relations front.

"The whole climate has gone to the negative," he said.

"The unions are asking for more in agreements and there's a greater potential for disputes over things that we haven't seen for a long period of time."

All employees at Sunrise Dam are on workplace agreements, an arrangement that Mr Cutifani said was working well. At Tropicana, the vast majority of the workforce are employed by contractors.

AngloGold's operational cash flow grew to \$US2.6 billion last year, from \$US1.7 billion in 2010. However, the company's Australian business generated only \$US26 million, a fall of \$US110 million.

Mr Cutifani said this was primarily due to the transition from open cut to underground mining at Sunrise Dam and wet weather during the year.

AngloGold anticipates production from Australia doubling to more than 600,000 ounces by 2014. In the longer term, Mr Cutifani said he would like to increase that to more than 1 million ounces a year.

"There'd have to be another major discovery in there [to get to 1 million ounces a year]," he said. "Or alternatively if there's assets that make sense in terms of fitting within our portfolio, we'd think of acquiring them. We keep both doors open."

"Certainly there are better places to explore and cheaper places to operate [than Australia], but with the critical mass and the skills base that we have, we want to build on what is a very good team in WA and we think they could do more."

Mr Cutifani has been critical of the Australian government's decision to introduce a carbon tax at a starting price of \$23 a tonne from July 1 this year.

By contrast, he was encouraged by South Africa's approach to carbon pricing, which has allowed for more input from industry.

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