

Anglogold Ashanti (AGA) says the retrenchment programme being undertaken at the Obuasi mine is a painful but a necessary measure to avoid liquidation and ensure the long term viability of the mine.

Given the state of the mine, the choice is to either endure short-term pain for long-term viability and profitability or we go for liquidation, which is not in the interest of our business and social partners and, for that matter, Ghana as a whole, a senior Manager, Communication and Public Affairs at AGA, Mr. John Owusu, told the Daily Graphic in Accra.

He said the retrenchment programme was not about sacking workers but rather downsizing the workforce in order to make the mine viable and profitable in the long term.

We are not sacking anyone; we are only reducing the numbers, he emphasized.

Challenges

The 117-year-old Obuasi mine, which is one of the oldest underground operations in the world, has been hit by a myriad of challenges recently, including declining production, high cost of energy and large workforce.

The effect of all these challenges is that the Obuasi mine has been producing gold at a cost higher than the gold price, meaning the mine has not been making profit and posting zero cash flow.

In view of these difficulties, Mr. Owusu said Obuasi had to borrow from other AGA mines to survive.

"As we announced at our quarterly performance review earlier this month, we have clearly identified the need for radical action to be taken in order to return Obuasi to profitability, given the significant amount of cash that this mine has drained over the past decade," he said.

Retrenchment budget

Mr. Owusu confirmed that management had budgeted \$220 million to meet the labour retrenchment programme at the Obuasi mine.

He said the financial package for what he described as a significant number of affected workers was 25 percent of one's current monthly salary multiplied by the number of years he/she had worked.

Mr. Owusu said management was still having meaningful discussions with key stakeholders to ensure understanding and support for the retrenchment programme which began last year with the release of 430 workers.

"We've already made progress in several key areas, but more remains to be done. We're now in consultation with key stakeholders, including the employees' organised labour representatives and the government to develop an amendment to our programme of mining operations," he said.

New focus

After the labour downsizing, management seeks to inject a new lease of life in the Obuasi mine with the view to improving its viability and profitability.

The way forward, therefore, is to reduce the surface footprint of the overall operation to a more efficient and manageable size and lower underground production, while cutting administrative costs.

In the meantime, management also seeks to work on turning Obuasi's southern ore bodies into a large-scale mechanised underground mine that will benefit the community, the region and the country as a whole in the long term.

"Thus far, we've received good support from key stakeholders and will continue working to transform this mine," Mr Owusu said.

Source: Daily Graphic