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SA mines still halted by power crisis

James Macharia | Johannesburg, South Africa

29 January 2008 11:16

The world's third-biggest gold producer said on Tuesday it had restarted production at one of its mines, although a power shortage that has curbed output from South Africa's mining sector remained largely unresolved.

AngloGold Ashanti said it had diverted its power-supply allocation to resume full production at one of its seven South African mines that had been crippled by the electricity crisis, and expected to re-start three other mines by Thursday.

"We expect to have 60% of our normal production back by Thursday," Steve Lenahan, AngloGold's spokesperson, said.

AngloGold's two main gold-producing rivals in South Africa were still unable to produce at full capacity at any of their mines, and said they hoped they could get more power, a decision expected to be taken at a meeting on Tuesday.

Companies in the mining sector have so far been allocated an average of 75% of their normal power use, and AngloGold said it was able to use most of its allocation to re-start its Mponeng mine south of Johannesburg.

Gold producers Gold Fields and Harmony, and Anglo Platinum, the world's top producer of the metal, said they were using their electricity for essential maintenance, pumping out water, ventilation, and refrigeration.

"We have about 75% of the power we normally use, just like others in the industry. We need at least 90% to re-start mining," Gold Fields's spokesperson Reidwaan Wookay said.

The power shortage became a national emergency on Friday, stopping diamond, gold, platinum and other mines in Africa's biggest economy and helping send prices of precious metals to record highs while weakening South Africa's rand.

President Thabo Mbeki faces criticism for years of underinvestment in power generation. Critics say his government is distracted by a leadership tussle in the ruling African National Congress after he lost the post of party president last month to bitter rival Jacob Zuma.

Unions feared job losses if the crisis persisted, and a small opposition party has said it will bring a motion of no confidence against Mbeki and his Cabinet for failing to avert power cuts that had shut down industries.

Analysts fear the booming economy, whose growth the government has targeted at 6%, could slow down and say the government ignored warnings as far back as 10 years ago from experts to build new power plants.

Growing economy

Meanwhile, the country's power crisis is an "unintended consequence" of the country's growing economy, Zuma said at the University of Zurich on Monday.

According to a copy of his speech released by the African National Congress in Johannesburg, Zuma said: "The strides we have made since 1994 in growing our economy and improving the quality of life of our people have brought along such a serious pressure on our energy sources.

"South Africans have in recent weeks, as you may have heard, experienced power o [cuts]. The government has declared a national electricity emergency to deal with the energy challenge."

Zuma said that the government had called on all citizens to "become part of a national movement to conserve electricity in their residential areas and workplaces whilst ensuring that key functions, safety and security are not compromised.

"While the government admits that planning could have been better a few years ago, we must also appreciate that we have a growing economy that is working at full capacity.

"In addition, the rising standards of living, and the fact that close to 3,5-million homes now have access to electricity since 1994, have put increasing demands on our electricity utility Eskom," he said.

Zuma said that the current crisis would not adversely affect the country's ability to host the 2010 Soccer World Cup. -- Reuters, Sapa