

Anglo should examine Gold Fields' spin-offs

According to BDLive's Ron Derby, miners looking to reduce their exposure to South Africa's mining industry may follow the example set by Gold Fields, who decided to spin off part of its local business. As of February 2012, Gold Fields will have shed about 90% of its current South African work-force without sending out a single retrenchment notice and with possibly no strike action.

It's an example other gold miners, including whoever takes over Anglo American, will have to examine.

On Thursday, Gold Fields said it was unbundling its Beatrix and Kloof Driefontein Complex (KDC) mines into a separate vehicle called Sibanye Gold that will be listed on the JSE next year. It is clear to understand why investors have reacted so positively to the restructuring, KDC gold production in the 12 months to December last year equates to 1.282kg an employee and Beatrix produced 1.127kg a worker. South Deep - the only local operation not being bundled into Sibanye, produced 2.372kg per employee, virtually double the productivity.

Gold Fields therefore moves on with a drastically reduced wage bill and its most productive employees. Given the outlook for wage demands over the coming years, the company may be all the better for it, BDLive says.

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