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SHECQ - driven Diesel Power growth strategy unleashed

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May 2011



SHECQ

the glue that binds mining supply chain solutions

Diesel Power Open Cast Mining, the contract mining subsidiary for the JSE-listed Buildmax, is making public its intention to ‘spread its wings’ and grow far beyond its current scope of operations. Its absolute commitment to SHECQ is well-poised as a catalyst to “unleash” Diesel Power’s mining supply chain strategy, Laura Cornish writes.

THE CURRENT PLATFORM

Diesel Power Open Cast Mining (Diesel Power) was established in the 1980s and acquired by Buildmax in 2008.

The acquisition saw the Buildmax business model transform from being primarily a construction supplies company to a contract open cast mining company.

Today, through Diesel Power, 90% of Buildmax’s business is mining-related.

“We are a dominant player in Mpumalanga’s coal fields as far as ‘contract coal mining’ is concerned, but relatively small if one considers the outsource potential in the entire coal mining supply chain,” says Terry Bantock, Buildmax CEO.

The company has and is working for most major blue-chip coal miners in the area, including Anglo American, Exxaro, Xstrata Coal South Africa, and Khusela Coal. Today Diesel Power is operating at various pits at seven open cast coal mines, as well as two sand and stone quarries of Buildmax in Gauteng.

Its fleet size comprises a little more than 450 pieces of

equipment, and its production capacity capability ranges between 4.5 million and 5.5 million cubic metres per month.

“Our strength and abilities in open cast mining are well rooted, with our dedication to safe practices being the overriding factor and primary driver,” Kobus van Biljon, Diesel Power CEO points out.

THE AMBITIOUS GROWTH STRATEGY

“We want our focus to include and cover potential outsourcing opportunities across the entire mining supply chain,” states Bantock.

Within the next three to five years, Diesel Power intends to offer its clients a more comprehensive range of services, which span from exploration and planning, mine design, contracting, stockpile management, processing (grading, blending, crushing, screening, beneficiation), transport and logistics as well as rehabilitation.

“We are already in the process of recruiting expertise



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across all of these fields where we don’t already have it,” Bantock notes, “although our overall strategy could include acquisitive growth in addition to organic.”

The company also wants to branch outside of coal, and immerse its expertise into other mining commodities, such as chrome, manganese, platinum, copper and iron ore – “and not necessarily limited to South Africa either,” Van Biljon adds.

Although a purely South African company to date, African countries like Zambia, Botswana and Mozambique are also on the radar for Diesel Power’s expansion drive.

“We are ready to start expanding now, and hope to secure at least one contract outside of coal and outside of South Africa by the end of this year,” Van Biljon continues.

Coal will remain a core focus for the company, where it intends to secure new work with one or two of the other large mining and medium-sized coal miners where it currently has no contract exposure.

“It will also never be our intention to compete with customers and clients, so we have no stated intention of actually owning our own coal mines,” Bantock reverently points out.

The company’s unwavering commitment to all safety, health, environment, community and quality (SHECQ) principles is well recognised and respected in the industry, and is an area which Bantock hopes to develop into a separate revenue-generating, profit centre for Buildmax as a group.

“Diesel Power views SHECQ, alongside competitiveness and service excellence, as a competitive advantage in realising its mining growth strategy,” he emphasises. ►



transport and earthmoving – cover story



SHECQ – THE GLUE AND COMMON DENOMINATOR

Diesel Power and Buildmax's SHECQ statistics prove that it is one of the safest practising contract mining companies in the country.

"The proof is in the pudding, and our performance clearly indicates we are succeeding in these areas," Bantock refers.

During the last 18 months, to February this year, the company reported 3.3 million injury-free man-hours, followed by a seemingly minor incident. To date, it has already built its LTI free hours back to nearly 1.1 million hours.

"Officially – our LTI rate is 0.05, well below industry standard, and our target is to decrease this to 0.03 by March 2012 – and then just keep on reducing this number further," explains group SHECQ manager, Rassie Ras.

Diesel Power does not only employ a safety officer or quality controller, it has a full-time SHECQ department, fully responsible for all SHECQ aspects, on each of its sites for every hour of the day.

It comprises highly skilled, trained and experienced SHECQ officers, says Ras.

Driven by core values, Ras believes the company's suc-

cess lies in continuously identifying any object or situation that could cause harm. "If you do not monitor and measure it, you cannot manage it," he says.

About eight years ago, Ras developed an integrated management system (IMS) which is unique to Diesel Power (and Buildmax) and extensively covers all SHECQ aspects.

Internally, the IMS is used, viewed and accessed by all 2000 employees (1533 within Diesel Power), which provides for and states in-depth SHECQ and risk assessment policies and the company's commitment to them.

The site monitors SHECQ performance on a real-time basis, and includes achievers, alerts and updated information.

As part of its training methodology, it incorporates scenarios from other companies, which act as a learning tool in terms of prevention.

As part of the entire SHECQ programme, "each and every employee is trained annually at our training facility in eMalahleni, and has signed a health and safety agreement. Our workers are committed to safe practices and have learnt never to compromise on SHECQ principles, or



compromise on production standards," Ras states.

The company is SABS OHSAS 18001:2007 certified, as well as ISO 9001:2008 certified (Quality) – with no exclusions. These standards are internationally recognised and have recently also been audited by Unisa.

According to the synopsis research report undertaken by Unisa for Diesel Power and Buildmax Group, "It was found that the safety communications at this organisation are of outstanding quality (as per the research findings), recommendable to any. This research has been conducted at various organisations within the mining and construction industry, with the findings from Diesel Power and Buildmax Group being the most positive recorded."

Perhaps one of the most successful components of the IMS programme is its incentivised schemes – where employees and teams are rewarded for performing well and achieving impressive safety statistics.

"We would like to market our SHECQ-IMS system as a separate profit centre, leveraging our capability to open doors across the entire supply chain, which we believe will generate less capital-intensive cash for us," Bantock explains.

"The potential safety benefits this system can offer to



Kobus van Biljon.



Rassie Ras.

the mining industry are vast, and could deliver enough business to see the division become a self-sufficient and self-funding business operation. The scope for growing our business in an orderly fashion, within our limitations, is huge. I am fortunate to be surrounded by an extremely competent management team to make it happen," Bantock concludes. ○

