

MINING

An attractive and secure destination for mining investment

The objectives of the MDC's mining policies are to:

-  Increase investment in mining.
-  Improve returns to the fiscus from mining.
-  Ensure that Zimbabwe benefits to the maximum from its underground resources.
-  Support artisanal and small-scale miners to become viable operations.
-  Protect the environment.
-  Eradicate corruption and illegal markets.
-  Continue as a member of the Kimberley Process and become a signatory to other such protocols.

Zimbabwe has one or two world-class mineral deposits in platinum, chrome and asbestos and many small and medium-sized deposits – up to 5,000 gold mines, for example. An enabling environment is required to encourage miners to develop these resources. Industry experts believe that the correct policies could see a number of new mines being developed, resulting in a significant growth in national export volumes.

The MDC believes that government's role is to facilitate and foster foreign and domestic investment in productive sectors in order to increase jobs and income. Investment in extractive industries like mining is not as dependent on investor whims as it is resource-based and long term. For this reason, it is believed that, once the political issues in the crisis are addressed, the mining industry will recover rapidly from the present slump in output and could play a major role in the process of economic stabilization and recovery.

The MDC does not believe that government should be involved in running businesses and it will restore title in full to all companies. It does, however, believe that businesses should pay taxes to the government.

Historically Zimbabwe has had a platform of mining laws that were the envy of many countries; they served as the basis for Tanzania's recent mining boom. The MDC government will return to the legal framework in force in 1980, abolishing the ZMDC and the MMCZ and cancelling the Reserve Bank's role as the sole purchaser of gold, as well as the payment of royalties, all of which are, in different ways, disincentives for the industry.

All metals and minerals will be traded freely by the mining houses, and, to facilitate this and reduce smuggling, a gold exchange will be established on the Chinese model. The MDC government will introduce a basket of incentives to encourage local and regional beneficiation, and preference will be given to foreign investors whose investment proposals contain a local beneficiation component.

The MDC government will continue to operate the Mining Commissioner's Office but would overhaul it along the lines recently adopted for Mozambique. This will require the Commissioner to inspect all mining operations to ensure that they comply with the law and are recording true values and paying appropriate taxes. All other mining agencies will be privatized, except for the Mining Affairs Board, which will be responsible for safety, the environment and standards, and which will have wide representation: farmers, local and central government, the Chamber of Mines (the employers' organization) and trade unions. It will also comprise technical experts as members of staff who are able to assess situations correctly and react appropriately.

The MDC recognizes that mines metamorphose. They start with artisanal miners and/or prospectors who discover the ore body, and are developed by investors who then on-sell to mining houses who exploit the resources involved. All parties must benefit through a market for mines. In order to speed up mining development, the MDC will restrict the validity of an exclusive prospecting order to six months, renewable four times.

The MDC government will ensure that the Zimbabwe Stock Exchange is managed and conducted on a professional basis and becomes an attractive and secure destination for investment. Companies investing on an FDI basis in the mining industry will be encouraged to raise capital on the stock market by floating a significant proportion of their equity on the ZSE.

Small-scale Mining

The MDC government will recognize the significance of the role of small-scale or artisanal miners. They can be classified as being operations that cease when they hit hard rock or when they hit water.

It is noted that up to 500,000 people are currently engaged in small-scale gold mining and that tens of thousands are in the chrome industry. Their activities will be properly managed and controlled with a simple system of licenses that will protect the rights of individual miners while they are in gainful occupation of such resources. At the same time, these measures will seek to address the problem of environmental degradation at all small-scale mining locations.

The MDC government will facilitate research in appropriate – simple, robust, cheap – mining technology and offer scholarships to the School of Mines to develop skills among this marginalized group. The School will emphasize the importance of health and safety, which will be monitored regularly by mining inspectors. The MDC will also facilitate access to capital and the marketing of production, if required. To achieve the latter, it will discuss twinning arrangements between large and small producers.

The ministry will establish an extension service, privately run under contract to government, to assist small-scale operators with their mining ventures and, if possible, help them upgrade their operations so that they can become more significant. Custom and cluster milling and processing of ore produced by small-scale miners will be encouraged and facilitated.

Medium-sized Mining Development

There are already several hundred medium-scale mines in operation in Zimbabwe, and the potential for further development of similar operations is considered significant. This will be encouraged and facilitated by an MDC government. It is considered that this level of mining is, in fact, the most appropriate for Zimbabwean investors and will be treated as such, although there will be no restriction on foreign direct investment.

Large-scale Mining Ventures

The MDC government will introduce special mining leases for investments over US\$100 million based on the one negotiated with BHP, a model of its kind and responsible for a US\$200 million investment. The MDC believes that this model should be extended to all large foreign direct investments. It would borrow from Botswana's mining code as a basis for individual negotiations with each potential investor. Such terms and conditions would be reflected in individual agreements that will be binding on both parties for the life of the venture.

For large-scale mining ventures, security of assets, dividend remittability and a predictable policy environment are critically important. For this reason the Marange diamond field will be brought under proper control and restored to the company that has legal rights to the resources. This is essential because the present situation threatens Zimbabwe's membership of the Kimberley Process and consequently the sale of legal diamonds through normal channels into the world market.

Mines that wish to build schools, hospitals, villages, etc., will be required to liaise with the authorities to ensure that they are placed and planned correctly so that they have a sustainable future after the mine closes. Responsibility for this will lie with the Mining Affairs Board, working with the associated local authorities.

Environmental and Safety Concerns

Mines, along with all new businesses, will continue to file Environmental Impact Assessments and to comply with mining legislation, but they will no longer be charged a fee for filing an EIA. Environmental concerns will fall under the Mining Commissioner, be regularly monitored, and be dealt with on the 'polluter pays' system. The MDC government will adopt a 'zero tolerance' attitude to mining accidents and impose heavy fines on negligent mines, which will go to affected families as compensation.

Labour

Labour policy will be managed under the national system of National Employment Councils, with membership of the NEC being drawn from the employers' association (the Chamber of Mines) and the trade unions representing mineworkers. The MDC will introduce national migration policies that will encourage the importation of skills and personnel with experience on an 'as and when required' basis.