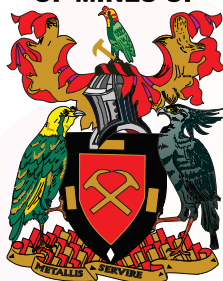


**THE CHAMBER  
OF MINES OF**



**ZIMBABWE**

# IN THIS ISSUE



## MINING INDABA REVIEW

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# FROM THE PRESIDENT'S DESK

**T**HE year 2010 has come and gone. Comparing with the previous year, it is pleasing to note that the economy has closed on a high note with an estimated growth rate of 8.1% and inflation well below 4%. Mining has led the growth at 47% and a contribution to exports of 65% on the back of firming mineral prices and rising production. Mining exports for 2010 are estimated at \$1.2 billion, while the country's GDP is estimated at \$6.1 billion, which implies a mining contribution to nominal GDP of about 20%.

However, the country has not been able to attract inward investment, which I believe is critical to sustain growth and recovery. In the last 12 months Zimbabwe has registered a mere \$60 million in foreign direct investment, compared to about \$400 million for Mauritius and about \$900 million for Zambia.

The growth in mining has been driven by the key sub-sectors, including platinum group metals (24%), gold (77%), chrome (147%), and coal (40%). The diamond sector is expected to become a significant contributor going forward if the disputes with the KPCS are sorted out.

The growth in the mining sector has taken place with minimal investment in a few projects and no investment at all in most of the mines. The lack of liquidity in the domestic financial sector to enable long-term lending at reasonable cost continues to be a factor as there has been no significant discount to the risk attached to Zimbabwe.

The country's leadership has no choice, but to seek a solution that can change this perception through positive engagement in domestic economic and political issues and addressing the external debt problem.

In recent months, the private sector has been very pro-active in engaging the government. Of note has been the monthly engagement between the Prime Minister and the Business Council of Zimbabwe and the dialogue between Vice President, Joyce Mujuru, and private sector businessmen.

Zanu-PF, as a political party, has recently taken the initiative to create a platform for dialogue with the business sector as evidenced by the recent dialogue session held in Harare on 8 December 2010. This dialogue initia-



**Victor Gapare**  
President

tive is refreshingly new in Zimbabwe, and I would like to believe that the information shared should help to provide Government with input for better policy making.

The key message from the business sector has been that the government should prioritize the economy by endeavouring to create a stable political and macroeconomic environment conducive to doing business. Specifically, the business community has been appealing to government to:

1. Re-consider the timing of elections at a time that the economy is in a fragile recovery,
2. Make a concerted effort to positively re-engage with the broader international community,
3. Adopt an internationally acceptable strategy to deal with the country's external debt and arrears,
4. Finalize the modus operandi for achieving indigenization and broad-based economic empowerment without negatively impacting on inward investment,
5. Implement labour law reforms,
6. Address issues of title and security of tenure in agriculture and the mining sector,
7. Pay attention to the infrastructural challenges the country is facing (electricity and railroad transportation), and
8. Allow room for the mining sector to re-capitalize, by not imposing unreasonably high taxes and retaining fiscal incentives that encourage investment into exploration, i.e., retain capital allowances at 100% in the

year incurred, and retain the indefinite carryover of losses. The royalty levels must take into account the low ore grades in Zimbabwe's minerals vis-a-vis other mining jurisdictions, and a share of revenue from royalties must accrue to mining communities.

There is no doubt that the mining sector is playing a key role as the engine of economic recovery and will continue to be an important sector anchoring Zimbabwe's economic growth and development in the years to come. It is therefore critical that there be a mining development policy to guide the government to put in place policies that will see further growth and development of the mining sector.

The growth of mining will undoubtedly generate capital for industrial diversification of the national economy.

The development policy must clarify the medium to long-term government strategy to encourage investment in mining. Specifically, the mining development policy must provide a framework upon which government can design and implement well thought-out legislation and policies to create incentives for:

1. Mobilizing financial resources for the identification and evaluation of mineral resources through increased exploration activities, which has not happened for the past 10 years;
2. The development of mineral resources and their exploitation and concentration to allow further exploration within already-explored mineral deposits in order to extend the lives of mines;
3. Providing the necessary infrastructure for development of mining projects aiding the extraction or exploitation of the mineral contained in a deposit;
4. Increasing the value added to mineral products (beneficiation) and making their exploitation more efficient by creating incentives for investment in smelting, pelletizing, refining, etc;
5. Stimulating the development, transfer and absorption of new technology, including use of lateral technical cooperation and intra-regional cooperation in mineral resource development; and

Given that mining is a long-term business, it is very important to emphasize that the success of implementation of any mining development policy hinges on an unambiguous, consistent title management and tenure system that guarantees security (of

The government must endeavour to make the year 2011 a better year for the whole economy through policy consistency and further structural and sectoral reforms necessary to unlock the full potential of the economy.

In conclusion, I wish to highlight that the mining industry is still waiting for closure to the amendment of the Mines and Minerals Act, as well as clarity on the implementation of indigenization and empowerment in the mining sector. The amount of investment required in the mining sector is

a massive \$3-5 billion over a three to five year period if Zimbabwe is to fully benefit from its mineral endowment. I believe indigenisation and economic empowerment will be achieved much faster in a growing industry than in a small industry like what we currently have. Undoubtedly, there must be foreign direct investment for sustained mining sector growth.

Thank you.



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# About The Chamber Of Mines Of Zimbabwe

## Introduction

- The Chamber of Mines of Zimbabwe (COMZ) is a private sector voluntary organization established in 1939. The members include mining companies, suppliers of machinery, spare parts, and chemicals, service providers including banks, insurance companies, consulting engineers, and various mining related professional bodies and individuals. The mining company members of the COMZ produce about 90 percent of Zimbabwe's total mineral output.

- The activities of the COMZ are guided by its constitution and strategic plan. The primary objectives are to advocate and lobby in order to promote, encourage and protect the interests of the mining industry in Zimbabwe. In so doing, activities of the COMZ are concentrated in the fields of economic policy, mining sector policy, investment promotion, labour and industrial relations management, research on legal matters related to mining, representation of the views of the industry to Government and other stakeholders, and the provision of a variety of services aimed at promoting health and safety, manpower training, environmental protection, and the support of mining associations.

- Many advisory and service functions that are best handled on a collaborative basis are undertaken under the COMZ banner on behalf of the mining industry.

## Governance

- In line with its Constitution, the policy making body of the COMZ is the Council which must meet at least once a year, immediately before the Annual General Meeting. Policy making and the general running of the affairs of the COMZ are the responsibility of the Executive Committee which is appointed by the Council. The Executive Committee is headed by Office Bearers consisting of the President, two Vice-Presidents, and the immediate past President. The implementation organ is the COMZ Secretariat headed by a Chief Executive Officer.

## Membership and Funding

- Membership of the COMZ is open to every company or individual, interested in the mining or processing of minerals or in the exploration for minerals, or anyone who shares an interest related to mining. The COMZ is funded entirely by subscriptions from its members, the amount of the subscription being based on the class of membership in which a member is placed. The COMZ may, from time to time, solicit for donations from well wishers or its members in order to run specific programs that are of importance to stakeholders to fulfill its service obligations.

## Value Of Joining The COMZ

- The degree to which a member derives

benefits from COMZ membership depends on the extent to which the member interacts with the Secretariat and other organs of the COMZ.

- The COMZ creates opportunities for members to network with each other. These networking platforms include:

- Policy Deliberation Committees —The COMZ policy dialogue is driven by the secretariat through committees, which provide the platform for members to contribute ideas that influence policy on mining and the economy in general. The COMZ being a membership based organization is as strong as its ability to present the issues raised by its members. Thus the greatest asset for a member is to be able to influence the development of position papers and policy proposals generated by the COMZ.

These documents are targeted at improving the operating environment of the industry and the economy in general. Through the various fora such as committee meetings, workshops, seminars, field visits, and surveys, members have the opportunity to exchange ideas and help to formulate policy positions. There is also the opportunity for members to actually make the presentations and interact with policy makers. Currently the active committees include the Indigenization Committee, Economic Development & Taxation Committee, Mines and Minerals Act Committee, SHE Committee, Legal Committee, Labour Committee, Gold Producers Committee and the Joint Suppliers and Purchasing Committee.

- The Joint Suppliers and Purchasing Committee – A forum that brings together suppliers of goods and services and minerals producers to discuss issues of mutual interest, that range from how to improve procurement of mining supplies; how to lobby government for the application of appropriate tariffs; pricing issues; projects being implemented in the industry; constraints to business on both sides and initiatives to promote business.

- District Mining Association Meetings - These are meetings held between the COMZ staff and members in the various mining regions of the country. The most active associations are currently located in Bulawayo and Gwanda. Again suppliers, producers, and government officials interact providing reports on developments and issues affecting the mining industry. This is a source of valuable information as opportunities to talk directly to producers, suppliers and other stakeholders are presented.

- Chamber of Mines Athletics and Cycling Championship—Teams of athletes from mines affiliated to the COMZ gather to compete in the Annual Chamber of Mines Athletics and

Cycling Championships in a two day event. The opportunity exists where suppliers of goods and services can exhibit their wares and interact with both managers and individual mine employees.

- The Chamber of Mines Annual General Meeting — This is a forum where industry policy makers, government ministers and officials, and other local and international players interact and discuss key issues relevant for driving the industry forward.

- First Aid Competitions and Mine Rescue Competitions — Mine Rescue is critical in saving lives, and rescuing those who are trapped underground in accidents associated with mining such as falls of ground, falling excavations and fires. These competitions, just like the Athletics and Cycling Competition, bring together managers and employees in an effort to promote safety and occupational health best practices.

- Professional Bodies — Mining industry players as individuals or corporate members can join professional bodies that are affiliated to the COMZ. The purpose of these bodies is to enhance the professional development of employees to be able to perform more effectively in the discharge of their duties. A number of networking activities are run under these bodies which include technical visits, training courses, and development of research papers. Currently the affiliated professional bodies include, The Association of Mine Managers, The Association of Mining Engineers, and The Association of Mine Surveyors.

- The COMZ Jumbo Golf Tournament — The Jumbo Golf Tournament is the prime golfing tournament of the mining industry. It is an event that provides the opportunity for networking and building relations. Of course, there are other golf tournaments held by individual mines such as Mimosa, Zimplats, AA Mines, Hwange Colliery, MMCZ, etc., at various times during the year.

- Information dissemination — The COMZ disseminates information to its members regularly. In this regard there is the Chamber of Mines Journal (CMJ) that has been revived, monthly reports and weekly reports. These provide members with information on the state of the industry, feedback on programs that the secretariat is working on, and other developments. Advertisement opportunities are available in the CMJ.

- Members may also use the secretariat to disseminate information to the general membership.



**President**

VICTOR GAPARE holds a Masters Degree in Business Leadership from the University of South Africa as well as a Bachelor of Business Studies degree from the University of Zimbabwe. Victor joined Anglo American Corporation Zimbabwe Limited in 1987 as a Graduate Trainee in Finance before being appointed Assistant Company Secretary in the Finance Division.

From 1990 to 2000 Victor served various companies in the Anglo-Group. In 1991, he was appointed Assistant Metal Sales Manager responsible for the sales and marketing

effort of Bindura Nickel Corporation and Zimbabwe Alloys Ltd. In 1994, he was appointed Deputy Marketing Manager for Border Timbers Ltd and two years later he became Marketing Manager for the Anglo American Group in Zimbabwe. In this role Victor was responsible developing niche markets for ferrochrome and nickel in Europe and the Far East.

In 1999, Victor was seconded to Mashonaland Holdings for a year as General Manager of the Plastics Division. He then returned to Anglo American as the Executive Assistant to the Chief Executive and in the fol-

lowing year he was appointed Commercial Manager for Zimbabwe Alloys. In 2001, Victor became Operations Director of Iron Duke Pyrites (Pvt) Ltd and was instrumental in increasing the capacity of Iron Duke Mine. In 2002, Victor was also appointed Operations Director for Bilboes Holdings (Pvt) Ltd.

At the end of 2002, Victor led a management buyout of both Iron Duke and Bilboes and became Chief Executive of GAT Investments (Private) Limited. Victor sits on various boards in the private sector.



**Vice President**

WINSTON CHITANDO completed a Bachelor of Accountancy degree from the University of Zimbabwe in November 1984 and in December that same year joined Anglo American Corporation as a Graduate Trainee.

Winston worked for a total of 11 years for the Anglo American Corporation group. During this period he held various positions and directorships in a number of industrial and mining companies which were part of the Anglo American Group. He held the position

of Divisional Commercial Manager in the Mining and Industrial Division Division at the time he left the group to join Zimasco.

Winston joined the Zimasco group in January 1997 at the Kwekwe Division. From January 1998 until September 2007 Winston was an Executive Director with responsibility for Finance for both Zimasco (Pvt) and Mimosa Mining Company. In addition, Winston at various periods also held executive responsibility in Zimasco

for sales and North Dyke mining. Winston was appointed Managing Director of Mimosa Mining Company effective 1st October 2007, a position he still holds.

Winston sits on various other boards including Zimasco and the Zimbabwe School of Mines where he chairs the Audit Committee.

He is married to Irene and they have two daughters and a son.



**Past President**

DAVID MURANGARI is the Managing Director of Bindura Nickel Corporation. He holds B.SC and M.SC degrees in Geology from Ethiopia (1966) and Colorado USA (1976), respectively.

From 1966 to 1980 he was involved in mineral exploration, first in the Danakil desert in Ethiopia, then in Zambia for Anglo American Corp, and also in the Colorado Rocky Mountain region for Cities Services Corporation. In August 1980, David returned to Zimbabwe and joined the Ministry of Mines, first as Regional Geologist

in the Geological Survey Department where he later rose to Deputy Director before he was promoted to Deputy Secretary in the Ministry's Head Office. He subsequently rose to the position of Secretary for Mines where he served in that capacity for eight years until he retired in 1997.

From 1997 to 1999 he joined Trillion Resources Ltd, a junior Canadian mining company as Managing Director in Zimbabwe. On closure of Trillion's operations, he was appointed

Chief Executive Officer of the Chamber of Mines where he served from 1999 to 2007 until he joined BNC as Managing Director from May 2007. David was born in Mutare, is a widower and has four sons.

David travelled extensively throughout the world in connection with promotion of investment in the mining industry of Zimbabwe and his belief is that minerals must be sustainably developed to benefit all citizens of the country.



# Budget Grants Paltry Allocation To Mining

**T**HE Fiscal Budget announced by the Minister of Finance on 25 November 2010 allocated a paltry US\$5.2 million to the Ministry of Mines and Mining Development.

The allocation translates to 0.2 percent of the entire budget for 2011. This allocation is far below what is required for basic maintenance of existing operations of the Ministry of Mines, which is key in unlocking the country's mineral potential, let alone for undertaking new projects

While there is adequate recognition of the role of mining in underpinning national economic growth, the 2011 budgetary resource distribution does not seem to recognize the critical role of mining in that growth.

The following is an analysis of the whole 2011 Fiscal Budget:

## 1. Introduction

1.1 Predictably, the Budget was always going to be walking a tight rope. Whichever way one approaches the budgetary process, it was always going to be a challenge to balance the competing demands within a constrained resource envelope.

1.2 To help us unpack the budget and its implications, it is necessary to evaluate its implications on the economy's production potential and how this evolves over time.

1.3 Economic activity occurs within inter-related time horizons – the short run (near term), the medium term and the long run. The fiscal budget has implications for the economy in all three.

1.4 Macroeconomic policy - for which the fiscal budget is a critical pillar, seeks to influence savings and spending behavior, leading to changes in the components of the economy's aggregate demand (consumption, investment, government spending, exports and imports) and aggregate supply (output from all sectors – agriculture, manufacturing, mining, finance and insurance and all other sectors).

1.5 The target is to achieve the twin objective of: (a) increasing the economy's current



Finance Minister Tendai Biti arrives at the Parliament in Harare to present his budget speech on November 25, 2010.

and long run production capacity and (b) minimizing the gap between aggregate demand and aggregate supply.

1.6 The larger the gap between supply and demand – the lower the capacity utilization, the lower the employment, the wage level and the lower the equilibrium output.

1.7 Ordinarily, both fiscal and monetary policy have short run (near term) effects on the economy. In particular monetary policy has neutral effects on the economy over the long run – hence the principle of monetary policy neutrality – monetary policy has effects only on nominal prices in the long run. For Zimbabwe under the multi-currency environment, the role of monetary policy is greatly diminished (though not entirely extinguished).

1.8 In the medium term, the economy typically moves towards a steady state, while in the long run, the economy's capacity to produce goods and services is only enhanced through investment in capital, labour and technology. No amount of short-run stimuli enhances the economy's long run potential – only the cumulative investment in supply factors – capital, labour, technology, increases long run output.

1.9 An ideal, optimal budget framework seeks to influence the economy over all the three interrelated time horizons – to reduce the output gap (increase employment) in the short run, to enhance aggregate supply (medium term) and to accelerate savings and capital accumulation for long run growth.

1.10 Zimbabwe is steadily regaining production capacity, lost over a decade of continued contraction in economic activity and some of the cumulative effects are felt in key infrastructure areas and capital intensive sectors – energy and power, transport and communications, water and sanitation and the mining and construction sectors.

1.11 In particular the mining and energy sub-sectors have symbiotic relationships with other sectors of the economy. The energy sector has particularly constrained economy recovery.

Background Perspectives: The Global Economy

1.12 Some background perspectives will help locate the Zimbabwean economic situation within the context of global and regional economic developments.

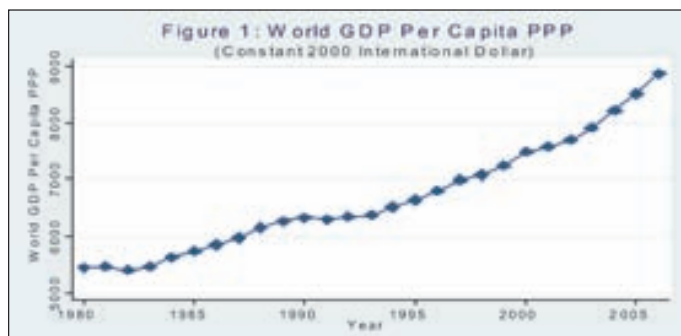
1.13 The global economy is evolving and has changed considerably over the past three decades in response to economic reforms implemented virtually across the globe – in East Asia, Latin America, Sub Saharan Africa, Eastern Europe and the Commonwealth of Independent States, following the collapse of the Soviet Union.

1.14 The emergency of China and India, as the global powerhouses and fastest growing economies has impacted on the global economy and international financial architecture.

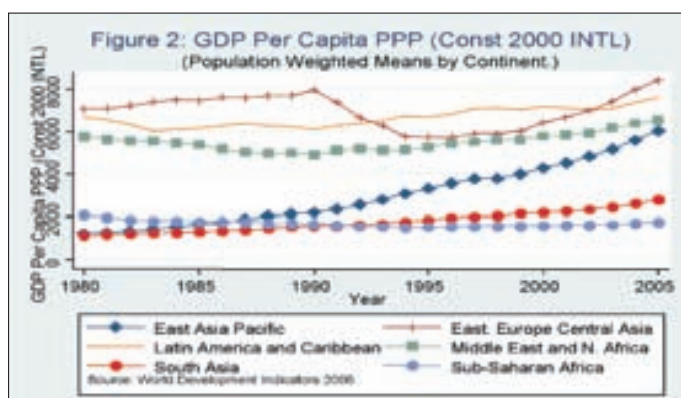
1.15 Global per capita incomes have been rising at a faster rate over the past three decades but unevenly with Sub Saharan Africa (SSA) lagging behind other regions.



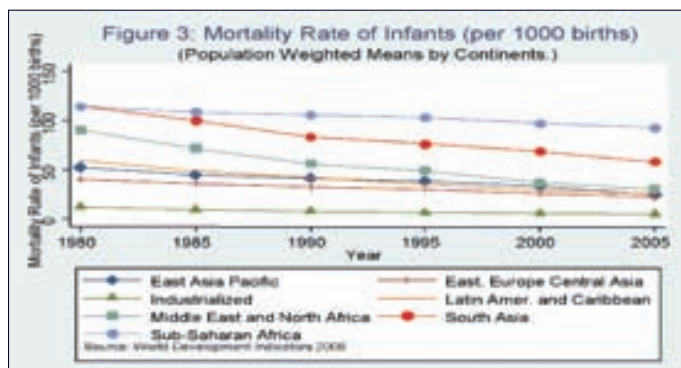
## Global GDP per capita growth



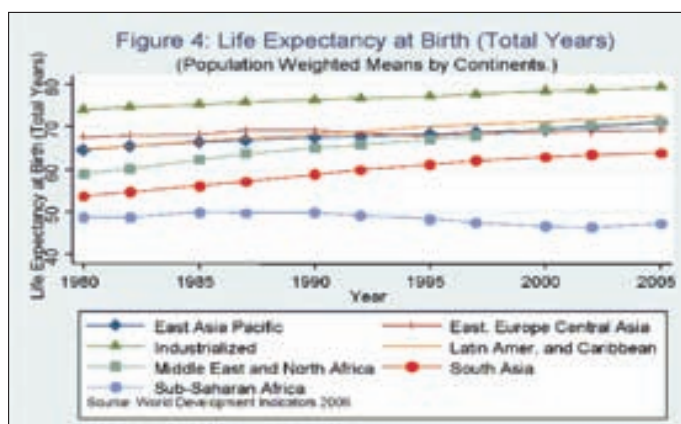
Sub-Saharan Africa is lagging in GDP per capita growth



1.16 Sub-Saharan Africa has the highest infant and maternal mortality rates.



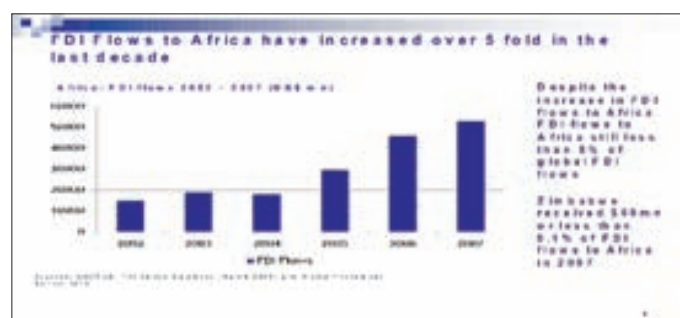
1.17 Sub-Saharan Africa has the Lowest Life Expectancy.



1.18 Sub-Saharan Africa has the highest poverty incidence rates of all the regions in the world and is beset by debilitating poverty. With very few exceptions, much of Sub-Saharan Africa subsists below the poverty threshold of US\$1 per day. Even richer countries with substantially higher per capita incomes such as South Africa, Botswana and Equatorial Guinea, economies are characterized by dichotomies of the rich and poor – the great divide.

1.19 While East Asia, Asia Pacific, the Middle East, Eastern Europe and Latin America are making significant gains in poverty reduction and progressing on other MDGs, Sub-Saharan Africa progress is muted and uneven.

1.20 Many countries are gaining fresh growth impetus, thanks to the increased inward investment flows and growth in domestic savings, the share of FDI flows to Sub-Saharan Africa has remained low. Zimbabwe's share of the Sub-Saharan Africa FDI flows is among the lowest.

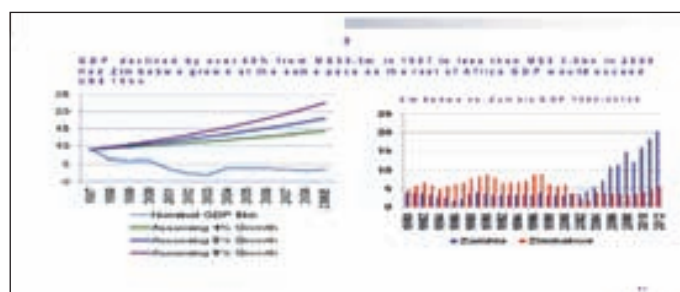


What is eminently clear is that economies that succeed in increasing per capita incomes and living standards are growing and economies grow out of investment.

It is not all doom and gloom for Sub-Saharan Africa. Every cloud has a silver lining and Sub-Saharan Africa has been steadily experiencing growth on the back of reforms and improved investment environment.



The lost decade for Zimbabwe.....





## Implications of the Lost Decade

The lost decade implies the need for recapitalization across all sectors.....

Energy and Power  
Transport and Road networks  
ICT Infrastructure  
Water and sanitation

## Mining and Energy Sectors Recapitalization

Most notably increasing the economy's production potential implies the need for recapitalization across key sectors of the economy, particularly the energy and mining sectors.

The Mining sector is significantly undercapitalized and, with very few exceptions, nearly all mines have de-capitalized over the past decade.

The two-year recovery since 2009; implies that mines are still catching up on recapitalization and deploying resources towards new machinery and equipment.

Mining faces additional challenges of power, in addition to typically low ore grades. The low ore grades are due to low exploration

investment over the past decade.

Local mining industry generally faces high operating costs compared with much of the region.

Higher royalties are, therefore, ill-timed in light of the need for recapitalization.

Mining and energy as capital intensive sectors have potential to catalyze growth of the entire economy.

Energy infrastructure in Zimbabwe has undergone attrition for the past decade through non-repairs and low maintenance, especially during the hyperinflation years.

There has been no new infrastructure investment in energy since independence, yet both domestic and industrial demand have increased. Zimbabwe greatly needs investment in mining and energy, and other sectors for sustained economic growth.

## 2. Fiscal Budget Growth and Inflation

### Growth and Revenue Projections

2.1 Real GDP growth projected at 8.1% in 2010 and 9.3% in 2011.

2.2 GDP to increase from US\$6 billion in 2010 to US\$8 billion in 2011.

2.3 Fiscal Revenue forecast at US\$2.7 billion

2.4 Annual inflation rate to average 4.5%

2.5 Tax-free threshold adjusted from US\$175 to US\$225

2.6 Bonus Exempt Tax threshold US\$400 to US\$ 500.

2.7 Customs Duty Revised downwards as follows:

- o Motor Vehicles from 40- 60% to 40%
- o Household goods, from 40% to 30%
- o Medical Equipment from 40% to 10%
- o Landscaping Equipment from 40% to 25%.
- o Generators from 5% to zero
- o Beverage sector inputs, from 10% to 5%
- o Poultry Feeds from 10% to 5%.
- o Packaging material from 15% to 10%.

2.8 Suspension of duty on basics (except soap) extended to 30 June 2011.

2.9 Lower duties for clothing imports

## 3. Major Highlights For Mining and Energy Sectors

## 4. FISCAL BUDGET ANALYSIS

The table below shows the Fiscal Budget Ministry Allocations.

	Allocation (US\$m)	% of Total
President and Cabinet	101.6	3.8%
PM Office	14.1	0.5%
Parliament	15.4	0.6%
Public Service	74.5	2.8%
Defence	194.7	7.2%
Finance	230.7	8.5%
Industr & Commerce	4.2	0.2%
Agriculture Mechanization	122.2	4.5%
<b>Mines and Mining Development</b>	<b>5.2</b>	<b>0.2%</b>
Environment & Natural Resources	6.1	0.2%
Transport & Infrastructure	70.6	2.6%
Foreign Affairs	77.1	2.9%
Local Govt, Urban & Rural Development	93.6	3.5%
Health & Child Welfare	256.2	9.5%
Education, Sports & Culture	469.4	17.4%
Higher & Tertiary Education	156.8	5.8%
Youth & Indigenization	36.7	1.4%
Home Affairs	189.5	7.0%
Justice & Legal	80	3.0%
Media, Information & Publicity	5.6	0.2%
SMEs	5.6	0.2%
<b>Energy and Power Development</b>	<b>66.6</b>	<b>2.5%</b>
Economic Planning & Investment Promotion	2.1	0.1%
Science & Technology	5	0.2%
Women's Affairs & Gender	6.9	0.3%
National Housing & Social Amenities	16.2	0.6%
Water Resources and Development	37	1.4%
Constitutional & Parliamentary Affairs	10.6	0.4%
Tourism & Hospitality	3.6	0.1%
Labour & Social Services	36.3	1.3%
State Enterprises & Parastatals	1.3	0.0%
Information Communication & Technology	7.6	0.3%
Public Works	36.6	1.4%
Regional Integration	1.7	0.1%
Lands & Rural Resettlement	7.1	0.3%
Judicial Services Commission	15.5	0.6%
<b>Total Budget</b>	<b>2,700</b>	<b>100.0%</b>



3.1 The following are major highlights for mining sector:

3.2 Royalties for gold increased from 4% to 4.5% and Platinum to 5%.

3.3 Royalties for diamond alluvial deposits increased from 10% to 15%.

3.4 SIA and carry-over of losses maintained.

3.5 EPO reservations increased from 20,000 ha to the original 65,000 ha

3.6 Mining projected to grow by 47% in 2010 and 44% in 2011 on the back of firming mineral prices.

3.7 Contribution of mining to exports at 65%.

3.8 Energy target is to increase power output to 1650 MW

3.9 US\$125 m required for HPS rehabilitation. The Budget to provide US\$25 m & ZESA US\$31.5 m for HPS

#### 4. Fiscal Budget Analysis

The table below shows the Fiscal Budget Ministry Allocations.

Overall comments:

Stimulus for the economy

4.1 The economic recovery is steadily improving, but requires stimulus as the economy has stagnated at a low aggregate demand, low production, low income and low capacity equilibrium: There are three sources of macroeconomic stimuli for Zimbabwe:

- Exports
- Fiscus
- Lines of Credit

4.2 The economy's response to macroeconomic stimuli is a function of taxes, savings, imports (marginal tax rate, marginal savings rate, and marginal propensity to import). The budget gave little direct stimuli – the tax threshold adjustment to US\$225 is insignificant. But much scope exists for indirect stimuli through large budget devotions to the social sectors – education, health and infrastructure.

4.3 Education and health jointly account

for just over a quarter of the entire budget (26.9%). This represents substantial spending for the economy and could occasion indirect stimuli.

4.4 Investment in education, health, technology and infrastructure are key determinants of the economy's long run growth. In this respect, the budget gives steady direction towards long run growth.....

4.5 .....but Zimbabwe has unique, multilayered challenges.....

Cross Cutting Challenges

Access to international credit lines

- Dual Economy – Large informal sector (cash under pillows)
- Labour market rigidities
- Structural issues (NRZ Transport, water, non performing PEs)
- Agriculture recovery
- Gender Mainstreaming and Youth

4.6 The above cross cutting issues imply that the economy requires an integrated economic framework that ties together the key enablers for unlocking economic growth. Energy sector initiatives should be intertwined with NRZ transport strategies and water supply initiatives in order to create

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an integrated production value chain. These should be complemented by structural reforms for aggregate supply expansion.

#### Access to International Credit Lines

4.7 Access to international credit lines will give impetus for growth. Government has undertaken various regional initiatives in this regard, but substantial resources can only be realized once Government has implemented the Zimbabwe Accelerated Debt Strategy (ZADS), which has potential to deal with the issue of debt and arrears, risk perception and premium. International capital is freely flowing to emerging markets, except Zimbabwe.

#### Dual Economy – Large informal sector

4.8 Estimates vary, but the informal to semi-formal sector is estimated at between 60 – 70%. The economy has a large and informal sector, thus understating the total GDP. Added to residual banking sector uncertainty, coupled with the informalization, a large amount of cash is out of circulation, but financing cash economic transactions.

4.9 Cash transactions imply higher velocity of circulation, thus currency in the informal sector may be as much as 25%-33% of the formal money in circulation. That would imply, as much as US\$800 – US\$900 in the informal sector. A total broad money level of US\$3200 (US\$2300 + US\$900) and a velocity average of 2.4 imply a nominal GDP of US\$7.5 billion.

4.10 The budget should give guidance on how fiscal policy will enhance re-formalization of the economy. Typically, a low and stable inflation and a heightened investment drive will create a platform for greater formalization, but more deliberate policies are required.

4.11 These include lower taxes for the informal sector, deliberate awards of some Government contracts to deserving SMES and paying them on time, establishing sector based business links and encouraging symbiosis with large corporate companies for out sourcing and sub contracting. This can be enhanced if the Indigenization and Empowerment framework clearly identifies such initiatives as qualifying for empowerment credits.

#### Labour Market Rigidities

4.12 The economy is characterized by substantial labor market rigidities, includ-

ing excess labor. Companies are failing to right-size their operations because of the legal rigidities. This means that companies will not readily hire new labor if they face difficulties offloading excess labor. The budget needed to set in motion or accelerate labor market reforms to create flexibility necessary for new employment.

#### Structural Issues

4.13 The national railway network is at the heart of economic recovery. It is imperative that economic recovery be underpinned by comprehensive near-term and long-term measures that ensure proper function of the National Railways of Zimbabwe (NRZ). As the challenges of NRZ encompass both financial and managerial issues, it is unlikely that there are immediate solutions.

4.14 In the interim, the Government can enter into lease agreements with the private sector and structure an arrangement that optimizes utilization of the railway lines, as a national asset.

4.15 Other critically important areas include agriculture recovery, gender and youth mainstreaming for broad based transformation.

4.16 In summary, the economy needs an integrated macroeconomic framework, linking together key enablers and all the various sectors of the economy.

4.17 Ministry of Mines and Mining Development Budget

4.18 The Budget allocated a paltry US\$5.2 million to the ministry of Mines and Mining Development. The allocation translates to 0.2% of the entire budget for 2011. This allocation is far below what is required for basic maintenance of existing operations of the Ministry, let alone undertaking of new projects.

4.19 The Ministry of Mines is key in unlocking the country's mineral potential. The country requires adequate infrastructure that can support new exploration and new mining development.

4.20 While there is adequate recognition of the role of mining in underpinning growth, the budgetary resource distribution does not seem to recognize the critical role of mining. The Ministry of Mines requires resources for modernizing its mining data-

base, claims and titles registry, new aeromagnetic surveys and adequate financing of the geological survey – all of which are critical for attracting investment in mining.

The allocation is not even sufficient for recurrent ministry operations and this means that 2011 will be characterized by little progress as far as undertaking new investment in key areas of the mining industry is concerned.

4.21 The Fiscal budget is increasing by 42% from US\$1.9 million in 2010 to US\$2.7 million in 2011. The Ministry of Mines and mining Development budget is increasing by 40.5% from US\$3.75 million in 2010 to US\$5.2 million in 2011 – shrinkage in relative terms.

Ministry of Energy and Power Development

4.22 The Budget allocated US\$66.6 million in 2011, translating to 2.5% of the entire budget. The allocation represents a growth of 300% over the 2010 allocation.

4.23 The ministry allocation gained significantly, relative to other ministries, reflecting the increased focus on energy in the budget.

4.24 There is across the board stakeholder consensus in respect of the need to redouble efforts towards resolving the perennial energy challenges besetting the economy, following a decade on under-funding and little maintenance of the power generating units.

4.25 The allocation is however still way below what is necessary to achieve the stated budget objective of increasing energy output to at least 1650 MW in 2011.

The budget highlights that US\$100m is required for rehabilitation of the Hwange Power Station (HPS). The budget allocates US\$25 m for HPS rehabilitation and an additional US\$30 million through a line of credit from AfDB.

4.26 Revival of small thermals will require about US\$19 million.

4.27 The long-term strategy for power development is to attract new investment in the energy sector. That requires material improvement in the investment climate and doing business conditions.

4.28 The table below shows envisaged power projects:

Zimbabwe Large Scale Power Projects					
Name of Plant	Number of Units	Construction Lead Time (Years)	Estimated Power Plant Construction cost US\$ million	Estimated Transmission Cost US\$ million	Grand Total US\$ million
Hwange T & B	2x300 MW	3	420	80	500
Kariba South Extension	2x150 MW	4	200	6	206
Lupane Gas	1x150 MW 1x150 MW	4	200	16	216
Gokwe North	1x300 MW 1x300 MW 1x300 MW 1x300 MW	5	1130	74	1204
Batoka	4x200 MW	6	1117	92	1209
Total Projects Costs			3123	262	3385

Source: ZESA (2007/8 Project Estimates)

4.29 The current cost estimates are significantly higher than the ZESA 2007/8 estimates above.

## 5. Further Budget Macroeconomic Implications

5.1 The reduction in duties will ensure that on balance, inflation remains within the 4 – 4.5% range in 2011.

5.2 Factors impacting on inflation:

- Rand/US\$ appreciation
- International oil prices
- Domestic production capacity gains
- Utility prices
- Food prices

The table below shows inflation outlook

Period	Inflation Actual & Forecasts		
	CPI	MOM%	YOY%
Dec-09	92.2	0.5	-7.8
Jan-10	92.8	0.7	-5.0
Feb-10	93.8	1.0	-0.8
Mar-10	94.8	1.1	3.5
Apr-10	94.9	0.1	4.8
May-10	95.2	0.3	6.1
Jun-10	95.1	-0.1	5.4
Jul-10	95.0	-0.1	4.2
Aug-10	94.9	-0.1	3.7
Sep-10	95.0	0.1	4.3
Oct-10	95.2	0.2	3.6
Nov-10	95.4	0.3	4.0
Dec-10	95.7	0.3	3.8

## 6. Recommendations

6.1 The economy's greatest requirement at present is investment. Economies that generate employment and fight poverty are economies that grow. Economies grow out of investment. Investment is a function of critical enabling factors.

6.2 To improve the investment environment, the government must focus on the following key variables:

- Political and Macroeconomic Stability
- Investment Security
- Economic Policy Predictability and Consistency
- Predictable fiscal regime
- Improving the doing business conditions

- Institutional and regulatory reforms

### a. Political and Macroeconomic Stability

Political stability and macroeconomic stability are inextricably linked. Countries that have a stable political system typically enjoy macroeconomic stability. Investment is particularly sensitive to all forms of risks, particularly sovereign risk.

Since commencing their economic reforms in 1979, China has devised an elaborate evolving political system which is designed to achieve a specific message to investors – that their investment is secure, that authorities will do everything to keep peace and stability and that macroeconomic stability is a priority.

The Chinese succession process is well-known in advance and has been structured to ensure smooth transition. There is no uncertainty. Even with the Tiananmen Square disturbances in 1989, investors quickly discounted the student unrest and FDI flows have continued to pour into China, underpinning China's burgeoning economic growth.

### b. Investment Security

Security of investment is a critical factor for attracting FDI and inward investment. The government has to recognize that investors have concerns regarding security of investment and the perception is universally held that security of investment is compromised.

One of the key determinants on investment security relates to the judicial system. Investors typically prefer an impartial, above reproach judicial system that can be trusted to deliver a fair process, evenly and transparent – equal access at law. Large segments of the investment community do not view our judicial system as impartial. It is therefore up to the government to address those entrenched perceptions.

Improving security of investment is also critical in that the country attracts real investors who are prepared to invest for the long-term, not short-run opportunistic investors, keen on milking the country.

### c. Economic Policy Predictability and Consistency

Prior to the Inclusive Government, the economic policy framework was unpredictable and frequent policy revisions and variations, engendered mistrust and fed adverse expectations.

Since early 2009, the Inclusive Government has implemented a set of reasonably predictable and consistent policies that have allowed capacity recovery. In as much as the economy is still characterized by residual uncertainty, it is important that consistent policies continue to be implemented, in particular in respect of the further structural reforms as necessary to unlock the economy's production potential.

### d. Predictable Fiscal Regime

Taxation is a key determinant for inward investment. Authorities must ensure that the taxation regime is predictable and competitive.

In principle, investors favour a taxation regime that is fair, balanced, transparent and internationally competitive. Zimbabwe's taxation system is governed by archaic laws and Acts and not readily understood by the public. It is commendable that Government has moved



to redraft a New Income Tax Draft, which is in keeping with international best practice and current trends.

The budget framework must signal to investors the message of stability of the fiscal regime to allow business planning.

#### e. Improving the "Doing Business" conditions

Improving the "doing business" conditions are mainly house-keeping issues for easier and business friendly policies. They encompass issues to do with red tape and bureaucracy, processing of documents, access to critical information for new business start ups. The government has to improve the country's "doing business" conditions to optimize on investment.

#### f. Institutional and Regulatory Reforms

The country requires substantive and far-reaching structural and regulatory reforms, covering a wide range of areas – labour market reforms, energy sector regulatory reforms, reforms governing local authorities, water and sanitation – to unlock the economy's production.

The reforms must be designed in a way that ensures growth in private sector investment and strengthen the framework for public private sector partnership in infrastructure, among other areas.

#### 7. Conclusion

7.1 The budget has again raised royalties for gold and platinum, following increases effected in the Mid-Term Fiscal Policy Review in July, 2010.

7.2 The increase in royalties translates to about 35% on gross profits and has the effect of increasing the costs of operations, impacting on cash flows. Increasing mining taxes is not the optimum approach for increasing revenues over the medium term. The most optimal approach for government is to improve the investment environment and retain a mining fiscal regime that allows for recapitalization for growth and increased revenue.

7.3 Mines already face escalating costs of production due to power shortages, necessitating purchase of generators. Gold mines face cash costs ranging from US\$700/oz – US\$1300/oz due to recapitalization

requirements. In Ghana and Tanzania, cash costs per ounce average US\$350 – US\$450/oz. In addition, the ore grades for Zimbabwe minerals are generally lower than in other sub-Saharan countries due to the low exploration investment over the past decade.

7.4 The budget has, therefore, materially undermined viability in mining particularly for small and medium mines that were just breaking even. Mining re-investment using internal resources will be slowed due to the higher royalties.

7.5 The budget must focus on creating an environment for investment in mining and the whole economy – the clearest guarantee for the economy's medium to long term potential is only enhanced through supply side investment, in addition to technology and capital accumulation.

7.6 Capital accumulation, investment in education, health and infrastructure coupled with structural reforms are critical ingredients for growth.



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# Mining In Africa A Veritable Legal Minefield



A steam train passes through Hwange Colliery

**W**HILE there are abundant investment opportunities in the mining sector in Africa, there are also many legal pitfalls and challenges that any intending investor needs to be conscious of.

Making a presentation at the recently held Mining Indaba 2010, Bruce Dickinson, a partner in Webber Wentzel Attorneys, noted that the past 12 months had witnessed a significant increase in interest in Africa's riches and his company had advised potential investors on projects in countries such as Namibia, Botswana, Burkina Faso, Eritrea, Mozambique, Lesotho, DRC, Ghana, Zambia, Uganda, Liberia, Tanzania, Madagascar and Guinea.

"There are, however, inherent pitfalls waiting for the unwary in tackling mining projects on the continent, some of their own making and others inherent in African jurisdictions," Mr Dickinson said.

In Zimbabwe, there is substantial interest in gold, diamond, coal, chrome and platinum potential and there has been a marked increase in potential transactions in respect of these projects. Yet weariness remains among potential investors

and investments remain relatively small-scale at this stage. Mr Dickinson believes there are numerous investors waiting for the right investment climate, at which time there is no doubt there will be a boom in Zimbabwe's mining industry.

Specific areas of concern with regards to investment in Africa in general, and Zimbabwe in particular relate to strict compliance with legal requirements.

While there are popular misconceptions about some of these requirements and abundant opportunities exist for taking short-cuts, there are inherent dangers and risks in taking this route. Primary among these is that where mineral rights and titles are not granted in accordance with legislative processes, such rights may be validly withdrawn by the authorities without compensation to the investor.

There is also the increased risk of mineral rights being withdrawn in the event of a change of government in a given jurisdiction. A recent example of this was the review of some mining contracts in the Democratic Republic of Congo following political upheavals in that country, and statements by a Guinean presidential candidate proposing

a review of existing mineral contracts.

Another issue of concern to investors is the enforcement of exclusivity of rights. Rights and titles must be exclusive to the holder and it is essential that the state granting such rights has the ability, the will and intention to enforce such exclusivity.

The lack of enforcement of exclusivity on mineral rights and titles has been a major issue in a number of transactions in some cases leading to the failure of projects.

Examples of these were witnessed in the DRC and Lesotho, and investors need to ensure that enforceability of exclusivity is thoroughly assessed before large sums of money are sunk into a mining project.

The question of title to land remains critical in Africa because "title to land" has different meaning in different countries. Mr Dickinson says it is important to ascertain the true nature of the rights that can be obtained in land at the outset, particularly in respect to infrastructure and heavy projects.

He notes that there are African countries that have fully developed land laws granting and upholding rights of ownership and other





real rights in land based on the Roman-Dutch legal system (South Africa, Botswana, Namibia and Zimbabwe) or a system based on European civil law (Most of West Africa, which has further developed their commercial law through OHADA).

Most of these countries have a land registry which records ownership of land and other real rights over land. This is in contrast to countries that do not permit private land ownership and the private sector may only obtain leasehold rights for a specified time period, for example Mozambique and Tanzania.

There are, however, other countries that have legal systems that are a combination of European law and their own indigenous laws, and have their own unique land laws. Some southern African countries, such as Swaziland and Botswana, do not permit ownership of land in some areas by companies or foreign persons. In these countries, land rights fall short of ownership, and in some cases, of leasehold rights.

In these circumstances, these land rights may not provide adequate security of ten-

ure in respect of a mining project requiring hundreds of millions of dollars to develop. Mining investors are thus advised to ascertain that land rights are available and to whom they can be granted under what conditions before embarking on a major mining development.

Mr Dickinson also dealt with the issue of developing supporting infrastructure such as roads, rail, port, air travel, access to water, sewerage and electricity. In most countries the law grants the state sole control and responsibility of providing such infrastructure and resources. But the exploitation of mineral resources often happens in areas without development infrastructure, which needs to be developed prior to the undertaking of mine development.

An issue of concern to developers in this regard is whether the right to develop infrastructure is granted solely to the state or may be granted to others in order to undertake such development. Where such rights are held solely by the state, it is important to ascertain the conditions under which the state may delegate this right and power, and the rules and regulations that govern such

delegation.

Mr Dickinson also stressed the importance of ensuring that delegation of infrastructure development to a third party as undertaken by the appropriate government authority to avoid a common occurrence where the wrong ministry grants a right to the private sector which is totally invalid and ultra vires. Also important is the issue of whether the state has the right to redirect a particular resource to another use.

This is of particular significance to countries in the drier southern African states where the water laws provide that the state can redirect the use of water resources to other uses where such redirections are deemed to be of greater socio-economic benefit to the country and its people.

In his presentation, Mr Dickinson also dealt with issues of the development of sophisticated legislation to tackle environmental matters, where many African countries are becoming more and more concerned about the socio-economic impact of mining developments on their populations.

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# The Zimbabwe Geological Survey

## CELEBRATING 100 YEARS OF COMMUNICATING WITH THE EARTH'S CRUST

BY FORBES MUGUMBATE, DEPUTY DIRECTOR, ZIMBABWE GEOLOGICAL SURVEY

**E**VERY country is the guardian of a unique part of the earth's crust, the foundation on which development is constructed. The spatial distribution of the various physical and chemical characteristics of the crust reflects a country's mineral, energy and groundwater resources.

The crust also governs the distribution of natural geo-hazards such as landslides, rock-falls, sinkholes, volcanoes and earthquakes. Data which contribute to the knowledge of these attributes comprise the national geosciences database of which Geological Surveys are the custodians. Geological Surveys compile geo-scientific information of the crust occupied by a particular nation through systematic geological mapping of rock formations and general



**M. T. Hawadi**

*Director - Geological Survey of Zimbabwe*

cataloguing and description of its mineral resources. It is for these reasons that most countries have Geological Surveys.

In Zimbabwe, the Geological Survey, which is now a department under the Ministry of Mines and Mining Development, was established in 1910 primarily to assist in the development and exploitation of the British South Africa Company (BSAC) mineral resources.

The Geological Survey became a Government Department in 1924 when responsible government was introduced, but continued to get funding from the BSAC until government purchased the mineral rights in 1933. A strong leaning towards economic and mining geology has been a feature of the

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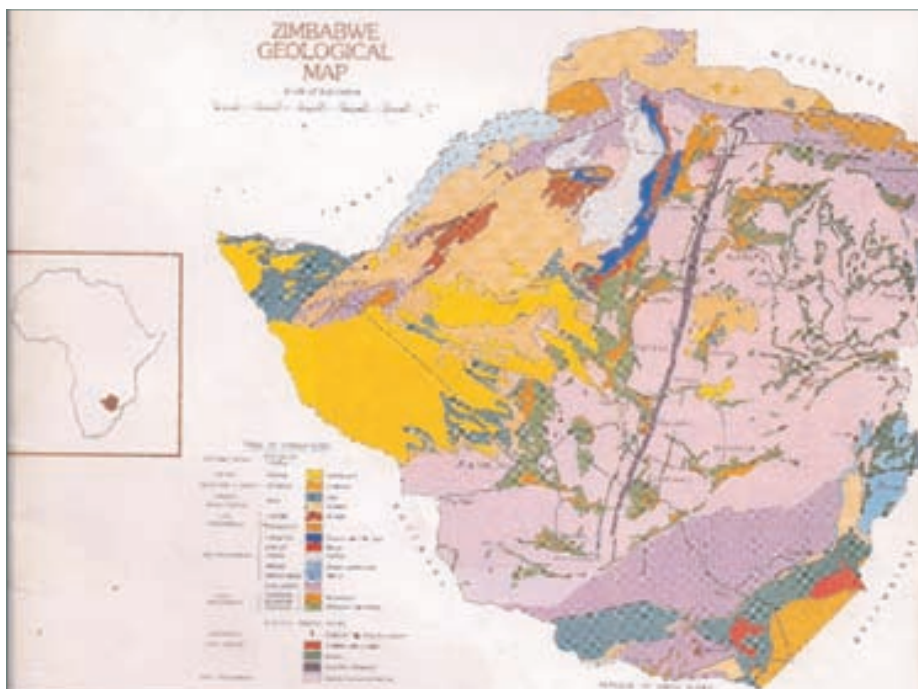
Geological Survey activities since its inception.

The Zimbabwe Geological Survey celebrated 100 years of existence in 2010. The department has a critical role in the development of the mining industry during the tenure of its existence. It is therefore befitting that such a significant milestone in the history of this important organization be celebrated. This article that chronicles the role, history and aspirations of the Geological Survey is a contribution to the centennial celebrations.

### Brief History

The Geological Survey first came into existence in 1910 in Bulawayo. Its first director was Mr H.B. Maufe. The building currently housing the department in Harare was named after him. The survey was established in response to vigorous campaigning by the Chamber of Mines after realizing that a tremendous amount of technical information from mines opened at the occupation of the country by the BSAC in 1890 was getting lost.

Before the establishment of the Geological Survey, the seat of geological knowledge was Bulawayo, where the first geological map was published in 1897 by Mr F.P. Mennell who was then the Curator of the



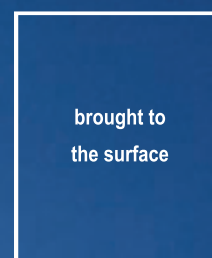
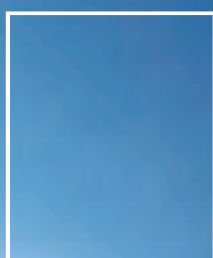
Bulawayo Museum. The Geological Survey was moved to Harare in 1918 amid protests from Bulawayo civic organizations.

To have an appreciation of the mineral potential of the country and distribution of various rock formations, the Geological

Survey embarked on regional mapping of the country, starting with areas known to host important economic minerals.

The mapping was carried out on 1:50 000 scale, but published on 1:100 000. Each area was mapped in detail resulting in pro-

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duction of a geological map and an accompanying bulletin describing the geology of the area and the mines and mineral deposits within it. The bulletins and maps produced over the years are recognised internationally as top quality and highly informative.

Synthesis of geological information gathered from mapping led to publication of the first general geological map of the country at a scale of 1:1000 000 in 1921. As more information became available through concerted mapping efforts, revised editions were respectively published in 1928, 1936, 1946, 1961, 1971, and 1977. The first post independence map will be published in 2010 to celebrate 100 years of excellent geological work.

Some of the early activities of the Geological Survey include free mineralogical determinations of mineral specimens and chemical analyses of ores and mineral concentrates for the public. These activities proved to be most popular with prospectors, and led to development of many mineral prospects.

Activities of the department expanded grad-



A vital component of mining exploration is the initial geological study of any mineral claims.

ually to include visits to individual mine properties to advise with regard to development. During the early years of its his-

tory, the organization collected plans and information on abandoned mines, which resulted in creation of a wealth of information

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about most mines.

With the coming of independence in 1980, and the lifting of international sanctions imposed on the Rhodesian government, enormous interest in Zimbabwe's mining industry was shown by mining companies from many parts of the world, and governments that offered inter-government technical co-operation projects.

A number of technical cooperation agreements to undertake geological work in Zimbabwe were concluded. These saw expansion of geological work and provision of equipment to the department, and training of geoscientists and technicians.

Some of the organizations that worked with the Zimbabwe Geological Survey include the German Geological Survey (BGR), British Geological Survey (BGS), French Geological Survey (BRGM), Canadian International Cooperation Agency (CIDA), Japan International Cooperation Agency (JICA), Australian Government and North Korean Government.

These projects saw tremendous generation

of geological information, including regional maps and bulletins, aeromagnetic coverage of much of the country, gravity coverage of many parts of the country, and systematic geochemical surveying of parts of the country. Technical cooperation by these foreign organizations also led to the general improvements to the administration of functions of the Geological Survey.

The expansion of geological activities necessitated appointment of an editor who was sponsored by the UNDP.

Despite positive developments brought about by the technical cooperative projects, the 1990s saw a serious erosion of staff and the beginning of decline of activities of the department. Few locally trained geologists stayed long, and essential services had to be provided by few experienced expatriate staff.

This, compounded by the gradual withdrawal of cooperative technical aid, and the economic challenges faced by the country, led to a serious deterioration of the Geological Survey. Field mapping ceased with resignation of the entire field section geolo-

gists while regional offices in Gweru and Bulawayo were closed down. The gap left by technical cooperation organizations has not been filled up by increase in funding from the normal government budget. The department's key functions have been severely affected as a result. All equipment has aged.

The technical capacity that had been installed at the department has deteriorated as financing has become a problem. Laboratories are dysfunctional. In fact the chemical laboratory was disbanded.

Despite a myriad of current challenges, the department, with its depleted staff, resolutely continues to operate with great diligence, drawing inspiration on the accumulated work of generations of great geologists that passed through this organization, and wait with anticipation for the return of good old times.

Tribute is paid to various geoscientists who contributed at various times during the 100 years of the existence of the department under the leadership of the following directors:

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## Achievements

### Geological mapping

Since its inception in 1910, the Geological Survey has been engaged in various activities that have generated a wealth of geosciences data. A strong leaning towards economic and mining geology has been a feature of the Geological Survey. Maps embodying the results of geological work were published accompanied by explanatory text in the form of bulletins and short reports. Of great interest to miners and prospectors are the sections on economic geology of areas covered by the bulletins and short reports.

The sections give detailed accounts of the history, geology, workings and production of individual mines and mineral occurrences, and summarise details of exploration including methods used as well as results obtained in the area. About 60% of the country is covered by detailed geological mapping.

### Technical Reports on individual mineral deposits

Since early days, the geologists in regional offices have acted as consulting geologists for many miners. An important outcome of the activities of these geologists is the generation of an archive of technical reports on individual mineral deposits and occurrences not only to assist the miner, but for future references long after the deposit is abandoned.

The ultimate aim of the Geological Survey is to evaluate all mineral occurrences and deposits of the country and archive the data in a format that is easily retrievable for use by mineral explorers. Hundreds of technical reports, some of them with accompanying maps and diagrams on individual mines, mineral occurrences and mineral deposits have been compiled since the establishment of the Geological Survey.

The reports are filed systematically in the library and in regional offices. The Phaup Library in Harare contains over 20 000 technical reports collected over a period of over 100 years.

### Mineral Resources Series Bulletins and maps

To make various data sets more user-friendly and easily accessible, the Geological Survey often synthesizes some of the information into mineral resources bulletins and maps, popularly referred as Mineral Resources Series. These give details of occurrences and potential of selected minerals. The most

Name of Director	Period of leadership
Maufe H.B	1910 - 1934
Lightfoot, Major B.A.	1934 - 1946
Macgregor, Dr A.M.	1946 - 1948
Ferguson, J.C.	1948 - 1960
Amm, Dr F.L.	1960 - 1962
Phaup, Dr A.E.	1962 - 1967
Wiles, Dr J.W.	1967 - 1976
Stagman, Dr J.G.	1976 - 1978
Morrison, E.R.	1978 - 1989
Baglow, N. (Acting)	1990
Orven, Dr J.L.	1990 - 1993
Ncube, S.M.N.	1993 - 1995
Magalela, W.	1996 - 1997
Mugumbate, F. (Acting)	1997 - 2002
Hawadi, M.T.	2003 -

popular publications are the Gold Deposits and the Base Metal and Industrial Mineral Deposit bulletins and maps.

### Coal Resources information

Sedimentological studies of the Karoo basins culminated in the synthesis of scattered information on coal resources and potential of Zimbabwe to produce coal resources bulletins. Currently these publications are proving to be most popular the unprecedented demand for coal for power generation and manufacturing of coking coal for metallurgical processes.

### Exclusive Prospecting Order (EPO) Bulletins

With its mandate of advising the Mining Affairs Board on matters concerning mineral exploration of the country in Exclusive Prospecting Orders (EPOs), the Geological Survey has accumulated an archive of hundreds of EPO reports. As the reports contain details including exploration methods and techniques used, minerals sought, and results obtained, they are a source of valuable information for both large companies and individual prospectors.

There are over 1000 such reports. Of these, 900 have been summarised into five bulletins to make the information easily accessible.

### Computer-based data management and digital cartography

In an effort to modernize, the Geological Survey has acquired technology and knowhow to capture and manage information digitally. Through this technology the department is now able to create and populate databases to manage geo-scientific information and to up-date mineral resource

databases. It is also now possible to generate thematic documents and maps and to re-produce out-of-print documents from scanned images.

### Library and Museum

The Geological Survey runs the Phaup Library which does not only provide valuable information service on geological and mining matters from the vast collection of published and unpublished materials collected by survey geologists, but also from several hundred books and international scientific periodicals.

In addition to the Phaup Library, the Geological Survey maintains the Macgregor Museum with a variety of rock and mineral samples for the public to view. The museum is not only important for those who may want to learn about the geology of Zimbabwe, but it provides invaluable learning materials for prospectors who may want to gain experience in mineral and rock identifications.

### Challenges

#### Finance

During the first decade of independence, a major portion of the Geological Survey's budget came from bilateral technical projects that have capacitated the department in terms of field vehicles, printing of maps and bulletins, computerization, etc.

The gap left by these organizations has not been filled up by increase in funding from the normal government budget, and the result is deterioration. As a result, the department is no longer able to efficiently service, maintain and replace aging equipment; buy field vehicles; publish results of work con-



ducted by the department; buy books and periodicals for the library, etc.

#### Professional Manpower

Like other government departments, the Geological Survey suffers from high staff turn-over. It has proved to be difficult to recruit suitably qualified and experienced geoscientists as a result of unfavourable working conditions in government.

#### Publishing of information

The foundation of geological work is gathering of data in the field, and publishing it to make it readily and easily available. As a result of shortages of funds and unavailability of experienced staff to edit scientific work, the department has not been able to publish maps and bulletins, and as a result, there is a backlog of over twenty materials awaiting editing and publication.

The last major publication work was conducted between 1998 and 2002 when eight bulletins were published under funding from a Germany non-governmental organization.

#### Generation of new geo-scientific information

The Geological Survey is gradually losing capacity to generate new information. There has not been any field mapping projects for a long time. Also new mineral discoveries by both legal and illegal prospectors are frequently reported, but the department is unable to visit them for verification and description for archiving and management.

The consequences of not generating geological information may not be evident now, but will definitely lead to disastrous costs in the long run.

#### The Future

Zimbabwe's colonization by the British was inspired by its mineral riches. Activities of the Geological Survey during the 100 years of its life have been biased towards generation of information that promotes development of the mining industry.

As the mining industry remains important to the economic development of this country, it is the department's desire to revive and enhance all established functions of the department.

For instance, about 50% of the country has not been mapped, and where mapped, there is a need for re-mapping using modern techniques. Full mineral potential of country is therefore not well realized. Also the mineral resources database needs to be up-dated.

While functions of the Zimbabwe Geological Survey have remained static, other similar organizations have modernised to encompass all aspects of the geo-sphere including geochemical mapping for environmental management and health monitoring, environmental geological mapping of urban areas, geo-hazard studies especially in karstic and mountainous areas, geo-hydrological studies, geo-tourism studies etc.

It is the wish of the department to be involved in all aspects of developmental programmes including civil engineering, construction, re-settlement, water resources management, etc, the functions of a normal modern geological survey. These aspects of functions of modern geological surveys are

important in the modern world and hence the Zimbabwe Geological Survey should modernise.

The department will continue to campaign for awareness of its own importance in national development to attract an increase in funding from government. Also as the political and economic situation in the country improve, the department will re-engage traditional bilateral technical cooperation partners for joint projects and training especially through exchange programmes.

The department will also form new relationships with Geological Surveys from eastern countries taking advantage of the Government's Look East Policy.

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