

SPEECH BY THE PRESIDENT OF THE CHAMBER OF MINES OF ZIMBABWE AT

THE 77TH ANNUAL GENERAL MEETING AND CONFERENCE – 20 MAY 2016:

ELEPHANT HILLS HOTEL AND RESORT – VICTORIAL FALLS

- Thank you Director of Ceremonies,
 - The Minister of Mines and Mining Development, here represented by – Hon Deputy Minister Hon Moyo
 - Deputy Minister of Industry and Commerce, Hon C Mabuwa
 - The Chairman of Parliamentary Committee on Mines and Energy, Hon Dr D Shumba
 - The Permanent Secretary for Mines and Mining Development, Prof. F Gudyanga
 - The Permanent Secretary of Energy and Power Development, Va Mbiriri
 - Reserve Bank Governor, here represented by Mr A Saburi and Mr B Mpfu
 - Senior Government Officials
 - The Chief executive Officer of the Chamber, Mr Isaac Kwesu
 - Senior Executives from the Mining industry and other sectors of the economy
 - Invited guests
 - Ladies and Gentlemen,
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Good morning,

It is my honour and pleasure to welcome you all to this 77th Annual General Meeting and Conference of the Chamber of Mines of Zimbabwe. On behalf of the members of the Chamber I graciously thank you all, for having taken valuable time out of your busy schedules to share your thoughts and ideas to propel our mining industry forward. I particularly would like to thank our Guest of Honour, Hon Fred Moyo, for accepting our invitation to deliver a keynote address and to officially open this Conference.

Guided by our desire to fulfil the aspirations of our country through a thriving and growing mining industry this year's AGM and Conference run under the theme **“Revive, Accelerate and Sustain Growth-perspectives for the mining industry.”**

The conference is anticipated to build consensus on the kind of mining industry we all aspire and find conversion on critical aspects that drive it to the desired levels.

“Ladies and gentlemen, we meet here at a time the global economy remained subdued. Fundamentals such as a stronger US dollar, weak global demand, and credit restrictions in China continue to push prices of mineral commodities further downwards.

Mining sector Performance

On the backdrop of low mineral prices, and compounded by other challenges such as persistent liquidity, power and capital shortages our mining industry has remained fragile and distressed, with most mining houses struggling to break even.

For or the second year in a row our sector recorded negative growth of -2.5% in 2015, from -3.4% in 2014, while total mineral revenue declined from US\$1.9 billion in 2014, to US\$1.86 billion in 2015.

- Coal 3.726 million tons
- Nickel 16 496 tons

Medium to Long term prospects

Notwithstanding the current set-backs the medium to long term prospects of the industry remains bright, with output for most minerals expected to record phenomenal growth, as both government and private sector aim to address the structural distortions and cost of doing business in Zimbabwe, specifically the purpose of this conference. It is our hope that today's conference deliberations will address all these issues.

Positives developments

While the prospects for lower taxes in the outlook remain the cause for optimism, the industry welcomed

- the suspension of the 15% export tax on un-beneficiated platinum to January 2017,
- removal of export ban on chrome ore,
- downward review of royalty for gold (both large scale – from 5% to 3% on incremental output, and small scale – from 3% to 1%),
- downward review in EIA fees and charges (from 1.5% of project costs to 1.2% of project cost with a cap of US\$2 million).
- Ministry of Mines has reviewed downward mining fees and charges.
- RBZ has introduced some new export incentives up to 5% on gross export values

Work in progress

The Chamber of Mines appreciates the opportunity at hand to have in place a competitive legal and regulatory framework that creates a prospective geological environment, attracts investment in exploration and mining development, and calls upon government to conclude the following outstanding matters:

- Implementation of the 10 point plan, and Doing Business Reforms to address national competitiveness
- Finalization of the amendments of the Mines and Minerals Act, and the Development of the Mining Cadastre System
- Implementation of the indigenization and Empowerment laws in line with the new government position as announced by his excellence, RG Mugabe on 11 April 201.
- Review of the Fiscal framework to alignment and rationalize the multiple taxes and charge levied on the mining industry (*targeted to be completed by end of June 2016*)
- Implementation of the RBZ's new export incentives, (*we hope the RBZ officials here will clarify in their presentation issues surrounding the latest monetary measures announced by the Governor to address the cash shortages*)
- Finalization of the amendments to harmonize the Labour Act in line with the best practice and industry trends.
- Completion of the Consolidation of the diamond sector(*the Permanent Secretary presentation will cover this item*)

The Chamber will continue to engage with the government on the above matters. It is our desire to see the mining industry ranked among the

best in the world on indices that are used by investors in selecting investment destinations.

Key strategies to unlock mining potential areas

- Increased collaboration among MMMD, MOF, RBZ, COMZ- E.g. our – *both private and public sector must engage international community to mobilize FDI*
- Strategies linked to national competitiveness and supply side
 - *Power distribution, tariff competitiveness, power generation*
 - *Rail infrastructure, locomotives and rolling stock*
 - *Road network to support movement of bulk goods from mines*
 - *Labour reforms*
- Pursue focused strategy on critical few minerals and achieve critical mass
 - *Gold mobilisation*
 - *Resuscitating of gold mines on care and maintenance*
 - *Maintain gold sector industry viability*
 - *Growing the platinum production base*
 - *Find effective solution to increase diamond production and price per carat of sold diamonds*

Our industry has remains conscious of its social footprint outside of its primary mining activity and the Chamber of Mines of Zimbabwe continues

to approach the process of wage negotiations with a receptive mind-set to ensure that the gains made over the past few years in terms of skills development, career growth paths and support for education, health and housing initiatives are not sacrificed in the interest of short term decision-making.

Dissemination of critical information to government and key stakeholders

At the last year's 76th Annual General Meeting held at this same venue last year it was agreed that the issue of information asymmetry needed to be addressed to improve transparency and allow stakeholders to have a common understanding of the state of the industry. Responding to these concerns, the Chamber of Mines successfully commissioned the State of Mining Survey late last year, whose findings were disseminated at an all-stakeholder conference on 29 January 2016. This annual survey will go a long way to inform and shape policy on the mining industry.

Finally, as the President of the Chamber of Mines, I want to express my appreciation for the undoubted efforts by all the Members of the Executive and the Management team for their continued support for the growth and development of the industry. The Chamber will continue seeking out avenues to discuss pertinent issues of mutual concern with government and all our industry partners.