

TANZANIA CHAMBER OF MINES

**NEWSLETTER
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VAT refunds Excise Duty on fuel and the draft Income Tax Act 2003 were the major issues of concern.

Information collected from members has revealed VAT refunds outstanding to the tune of Shs. 12 Bn, most of which being outstanding for a long time. TRA records however indicate an outstanding amount totalling only Shs. 750 Mn. This large difference is to be reconciled between the TRA and the individual members in line with an agreement reached in a meeting with TRA.

A lot has been done in the area of the draft Income Tax Act 2003 which was circulated to all members.

The Chamber shares the views expressed by various constituencies that it will impact negatively to current operations by way of increased operating costs and to future investments in the mining sector, it will have decelerating effect if not a deterrent to new investments. It also does not auger well with the country's development vision 2025 and is in collision with the current development agreements that mining companies entered into with the Government.

The Chamber has used both the knowledge available within its membership and consultants to scrutinize the document with a view to making an effective and timely response. This task has been completed and the response document submitted to the NBAA. Further follow-up will be made on this important matter.

ACTIVITIES OF THE CHAMBER

The Chamber has been involved in various consultations with its members in regards to getting comments on critical mining industry issues that have continues to crop-up and which were considered detrimental to the sustenance of the industry. Delays in

MINING ECONOMIC CONTRIBUTION

Tanzania has a variety of mineral resources. These include:

- metallic mineral deposits –iron, nickel and tin
- precious metals –gold and silver
- gemstones – diamonds, ruby, tanzanite
- industrial minerals – limestone, gypsum, phosphate
- fossil fuels – coal and natural gas

These minerals will have no utility if not exploited to the benefit of the nation.

This is why in 1985 the government set out to target the mining industry as an important sector pivotal to the revival of the national economy. The combined effect of the 1997 the Financial Laws (miscellaneous amendments) and the Mining Act 1998 provided the fiscal regime for the mining sector that attracted considerable foreign and local investment in the mining industry.

Between 1995 and 1999, 50 foreign companies acquired 500 prospecting licences and invested US\$ 297 million in exploration.

Tanzania is thought to have the largest gold reserves in southern Africa after South Africa where gold mining has been the driver of major development. The companies that have invested in the mining industry have a real opportunity to help Tanzania towards sustainable development, as the mineral sector can generate the wealth needed to stimulate the economy to alleviate unemployment, extreme poverty and huge backlog of social services.

The economic benefits attributed to the mining sector are reflected in the

contribution to direct foreign exchange earnings. However there are also indirect contributions to the national economy.

Direct Contribution to the national Economy

Contribution by mining to Tanzania government through various taxes including royalty increased from US\$ 2.15million in 1997 to US\$ 34.23 in 2002. Total amount paid to government from 1997 to 2002 amount to US\$ 86.8 million, representing 10% of gross turnover. The beauty about royalty is that it is charged on gross turnover (Netback value as referred to in the Mining Act)

Indirect Contribution of mining to Mining areas

forward linkages: material inputs into other industries (electricity and water supply)

backward linkages: purchase of goods and services from local suppliers .
Procurement of local goods and services by major mining companies operating in Tanzania from 1997 to 2002 amounted to US\$ 382.1 million.
Consumption expenditure by mine employees

Social multipliers: employment, health care, education and physical infrastructure.

Training of 7,188 workers at US\$ 6.9 million from 1997-2002.

Community projects worth US\$ 19.9 million from 1997-2002.

**ESTABLISHMENT OF THE TRA's
ETHICS COMMITTEE**

TRA has established an ethics Committee, which specifically addresses all issues involving staff integrity within the organization as part of the implementation of the National Anti Corruption strategy and Action Plan. The Deputy Commissioner General is the Chairman of the Committee with four heads of departments as members. The main responsibilities of the TRA's Ethic Committee include:

- Monitoring the implementation of the National Anti-Corruption Strategy and Action Plan.
- Reviewing and monitoring the procedures for receiving the complaints on staff integrity including corruption.
- Evaluating the adequacy of measures in place to combat corruption within TRA

Toll free hotlines have been established, which can be used by the public to report on any matters relating to staff integrity. You may access the TRA's Ethics Committee at the following telephone numbers, by either dialing directly or through TTCL'Ss operator – 100.

022-2125504 or 02-2137638

You may submit your written complaints through fax No 022-2128763 or meet the committee Chairman, or secretary, at TRA

NEWS FROM THE INDUSTRY

***OVERCOMING THE HIV/AIDS
CHALLENGE STEP BY STEP
GEITA GOLD MINE***

A team of 50 climbers from Geita Gold Mine (GGM) in Tanzania has recently climbed Mount Kilimanjaro. The climb was part of an initiative by the mine to fight HIV/AIDS in Tanzania. His year's

climb was the second by the team from the mine. Last year 43 climbers were part of the team. Among the climbers there were two HIV positive AIDS counsellors who spoke openly about HIV/AIDS.

The team raised 100 million Tanzanian shillings for the fight against HIV/AIDS most of which will be spent in and around the town of Geita in the Mwanza Region.

Peter Turner the CEO of Geita Gold Mining Ltd commented that, the vision and purpose of the climb was not just to walk up the mountain, but to also demonstrate an ongoing commitment to the nation and to the scourge we are fighting. At times it was painful but taken step by step the hardship was overcome, just as, step by step, we can overcome the challenge of HIV/AIDS. On the conclusion of the event Julius Kaaya said: "From the team of climbers only two of us spoke openly of living with AIDS, but there was no stigma and I think our openness about the disease made it easier for everyone. I hope this can be a lesson for other Tanzanians".

The news have been adopted from Arthur Tassel's recent report on Tanzania's Mining sector in the African Mining Magazine Vol.8 No.2 of March –April 2003

***WILLIAMSON DIAMONDS LIMITED
PRESS RELEASE***

Subject: One million Fatality-Free Shifts
Williamson Diamonds limited, (WDL), the largest diamond mine in Tanzania, achieved One million fatality free shift on July 2003. the last fatality on the mine was recorded on 30 October 1999. Since the late 1990s the safety record of the mine improved significantly and although mining is hazardous by nature WDL can be regarded as a safe mine to work at.

Management congratulates all employees, including our contracting partners Caspian, Consolidated African Diamonds and Gray Securicor on this excellent achievement. This milestone was only possible due to the commitment to

safety by the total workforce, the safety and health committee and the safety officers. The Chamber congratulates Williamson Diamonds for the well deserved achievement.

FACTORS THAT MIGHT AFFECT ESTABLISHMENT OF COPPER CONCENTRATE SMELTERS

In Tanzania there has been considerable debate as to the need to export mineral concentrate for smelting in Japan in particular the copper concentrate from the Bulyanhulu gold mine. To demonstrate that this is not only unique to Tanzania we would like to shed some light on the issue.

According to a report prepared for the government of Newfoundland and Labrador regarding the viability of establishing a copper smelter based on the copper concentrates, there are technical and economic factors required for establishing an economically viable copper concentrate smelter.

The report prepared by an internationally recognized Consultant on smelting and mineral processing Hatch Associates. (Hatch) among other things states that:

- 150,000 to 200,000 tonnes of copper per annum are required to build a viable copper smelter.
(the copper concentrate available from Bulyanhulu averages 24,000 tonnes annually)
- No commercial-scale proven technologies exists which are suitable for small-scale copper smelting of less than 100,000 tonnes per annum. Hydrometallurgical processes for converting copper concentrates to copper metal without a traditional smelter are being pursued by the copper industry but no such process has yet been proven to be commercially viable.

- Most planned new smelters are in non-free market economies and are heavily supported by local governments directly or indirectly through tariffs.

The information have been adopted from Copper Concentrate Smelter Viability Study, News Release of September 1997, Ministry of Mines and Energy, Government of Newfoundland and Labrador

COMING EVENTS

Mining and Mineral Processing EXPO 2003 concurrent with the XXIII International Mineral Processing Congress.

Dates: 29 September – 2 October

Venue: Cape Town International Convention Centre.

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Members are encouraged to send us news for the forthcoming newsletter