

TANZANIA CHAMBER OF MINERALS AND ENERGY

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THE CHAMBER'S 10TH ANNIVERSARY.

November 2004 was the 10th Anniversary of Tanzania Chamber of Minerals and Energy. As we celebrated the Chamber's 10th Anniversary it was gratifying to look back with pride on the achievements of the mining industry during the period 1994 to 2004.

The formation of the Chamber was on one hand to represent the common interests of a growing minerals industry and on the other; of the need by government for an institution it could closely liaise with, following its decision to evolve a private sector-led minerals industry. The presence of the Chamber in Tanzania has added vibrancy in

dealing with issues affecting the mining industry, particularly as the Government and the private sector continue to thrive in the spirit of co-operation and smart partnership.

Its membership, now close to fifty, is drawn from a broad spectrum, comprising of some of the small-scale miners' associations, individuals, medium sized and multinational mineral exploration and mining companies. In addition service providers to the mining industry also make up our membership.

The Chamber has witnessed an unprecedented growth of the minerals sector in the last decade. From almost scratch Tanzania now boasts of five large scale modern mines, from less than 10 prospecting licenses in 1990 we have today surpassed 2340 licenses and contribution of mining to GDP has risen from less than 1% to 3%.

TANZANIA CHAMBER OF MINERALS AND ENERGY 10TH ANNUAL GENERAL MEETING

On November 10th 2004 the Chamber held its 9th Annual General Meeting at the Royal Palm Hotel in Dar es Salaam followed by the annual dinner at the Golden Tulip Hotel venue. The turnout of members at both the AGM and dinner was commendable. Members' participation made the event a success. The Chamber takes this opportunity once again to thank members for their attendance. It is hoped that such cooperation and support would continue in future.

A number of important issues were on the Agenda and the following are the highlights of the AGM.

10TH AGM HIGHLIGHTS

During the AGM, which brought together Chamber members, the Chairman Prof. S. M. Mbilinyi gave a comprehensive report on the Chamber activities and achievements during year 2004 and plans for the year 2005. The brief review of the Chairman's report to the Annual General Meeting which includes among other things major activities, initiatives is given below:

Seminars for Members of Parliament

The Chamber and Kahama Mining Corporation conducted a seminar for members of Parliament in Dodoma. This was done through educational campaigns by outlining what mining is all about and its benefits to the economy.

Strategic Planning Workshop

The strategic planning workshop was conducted in March 2004 at the Chamber offices and was facilitated by Discovery Learning Training and Development of Australia. The output included: The vision

statement, Mission Statement and Strategic goals and responsibilities.

Launching of the Strategic Plan

In March an event was set up with twin objectives, firstly was to officially launch the Chamber's Strategic Plan and secondly to inaugurate the Chamber's new office premises located at plot 1119 Chole Road Msasani peninsula. The new office is coupled with a name change from Tanzania Chamber of Mines to the Tanzania Chamber of Minerals and Energy.

Presentation of Strategic Plan to relevant Ministries

One of the key elements of the strategic plan was to conduct a sensitization programme targeting key stakeholders that we will engage during implementation of the plan. The plan was presented to key stakeholders on 1st June 2004. Seven Ministries were represented in the meeting namely Ministry of Finance, Energy and Minerals, Health, Vice President's office-environment, Home Affairs, Education and Culture, State House and TRA.

Launching of the Golden Pride University College of Mines Trust Foundation Board

The Golden Pride Mine whose productive life is expected to end in the next few years is to be transformed into a University College of Mines. The Chamber participated in the organizing committee that led to the launching of the Trust Foundation Board on 26th march 2004.

Development of the proposed Golden Pride University College of Mines is estimated to cost USD 22 million planned to be raised in the next years.

The proposed Golden Pride University College of Mines will further enhance the human resource capacity needed to cater for

the expanding mining industry encompassing the large-scale mines and the emerging organized medium scale to small-scale mines.

The launching of the Golden Pride University College of Mines is also a significant step in addressing to the frequently asked question and provides a powerful answer to critics of the industry as to what happens to mines when they are exhausted.

Extractive Industries Review (EIR)

In June 2000 World Bank Group President James Wolfensohn responded to criticism from the non-governmental community about the World Bank's involvement in extractive industries with a promise to review the Bank's role in this sector. The World Bank commissioned the Extractive Industries Review which started its work in July 2001 under the leadership of Dr. Emil Salim, former Malaysian minister of environment. The consultative process engaged all stakeholders; governments, NGOs, indigenous peoples organizations, affected communities, industry, academia and others.

Based on more than two years of consultation and research, the review recommended that the World Bank Group stops funding oil, gas and mining projects as they are not sustainable. This recommendation necessitated the intervention of the International Council on Mining and metals (ICMM) to which TCME subscribes through the Mining Industry Associations of South Africa (MIASA) to lobby against it. The Chamber held consultative meetings with the Ministry of Energy and Minerals and the Ministry of Finance with the view to bring to the attention of the government the detrimental effects such recommendations would have on our economy if fully implemented.

The interventions of our governments in Africa including Ghana and South Africa and several SADC Chambers of Mines enabled the World Bank Group to resolve that it still has a role in funding the oil, gas and mining sectors on condition that extractive industries demonstrate their commitment towards poverty alleviation.

Presidential Environmental Excellence Award (PEEA) 2002 and Preparation for 2004 Award.

The long outstanding 2002 Presidential Environmental Excellence Award handing over of certificates to winners took place at the Karimjee Hall grounds on 30th August 2004. The ceremony was officiated by HE the Vice President Dr. Ali Mohamed Shein. Those awarded are: Resolute (T) Ltd. who took the top award-the Excellence award, Geita Gold Mining Ltd, Kahama Mining Ltd, and Tanga Cement Company received Certificates of Merit whilst Williamson Diamonds Ltd. and Tazara Kongolo Quarry were given Certificates of participation.

The recently conducted 2004 PEEA is well underway towards its conclusion. Thanks to all companies that took part in this year's competition and also for the co-operation given to the Technical and Selection committees in the course of executing their duties.

Chamber's interventions on various acts and Legislations

(a) Income Tax Act 2004

The Chamber participated fully together with other stakeholders in the long consultative process that led to the conclusion of the Income Tax Act 2004. As a result, the new Act has not significantly affected the mining industry.

(b) Environmental Management Act 2004

The Chamber made extensive review of the new Environmental Management Act 2004 and pointed out areas of concern to both the Vice President's office Department of Environment and to the Public hearing that was held on 19th October 2004. The Act has been passed by Parliament during the November session. The Environment Land Management and Conservation subcommittee has been commended for their useful comments on the document.

(c) Occupational Health and safety Act 2003 and Industrial and Consumer Chemicals (Management and Control) Act 2003

(i) Occupational Health and Safety Act 2003

Under this Act, mining operations are required to register as factories; it also confers the Chief Inspector of factories the powers to enter into mine premises to carry out inspection.

The Chamber believes that the Mining Industry in Tanzania presently works under the Mining Act, 1998 and the associated Regulations, 1999 and the Inspector referred to in these regulations is the Inspector of Mines and that under the Mining Act, 1998 and the Regulations a Mining operation is not seen as a regular factory or workplace, but a separate entity that needs special regulations. Our argument is grounded on the fact that, The Mining (Safe Working and Occupational Health) Regulations 1999 adequately address the safety, health and welfare of the persons at work at a mining operation.

The Chamber sees this as an issue of concern particularly in view of the fact that if the governance of mines in respect of Occupational Health and Safety were placed under both the Mines Inspectorate and

Factories Inspectorate it would result in inefficiencies and disruption of operations.

(ii). Industrial and Consumer Chemicals (Management and Control) Act 2003

This Act requires all companies that import chemicals to register each chemical and to undertake various reporting and control measures. As with the Occupational Health and Safety Act above the Chief Inspector of Mines has also been conferred powers to carry out such functions.

Consultation between our ministry and the relevant ministries is in progress to resolve these matters.

(d) Employment and Labour Relations Act 2004 and Labour Institutions Act 2004.

Two new laws namely the Labour Institutions Act and the Employment and Labour Relations Act were tabled in Parliament and subsequently enacted.

The new laws will be effective from July 2005. This is to allow for a number of transitional issues to be addressed by the Government. The Chamber has been in consultation with Association of Tanzania Employers regarding areas that need clarification particularly in reference to "hours of work." The relevant subcommittee would do further work.

NSSF for Expatriates

The NSSF has been demanding from various companies NSSF remittance for expatriate employees. Pursuant to this there has been consultation between our members and the NSSF as well as engagement of lawyers with a view to determining the legal status of the demands. After a long period of consultation, it has been agreed with NSSF that as long as there is proof that an

employee contributes to an external superannuation fund there will be no requirement to remit NSSF for that employee.

Private Sector Initiatives (PSI)

The Private Sector initiative was launched by Minister Basil Mramba in July 2002. Two of our members i.e. Tanga Cement and Kahama Mining Joined as Charter members out of eight corporates. The objective of PSI is to develop and expand the role of the corporate private sector in Tanzania in increasing the opportunities for small businesses to contribute to and participate in the pro-poor growth of the Tanzanian economy through the provision of goods and services to the large corporates – as a natural part of successful business operations.

The Chamber has participated in various meetings in support of this initiative. Members are encouraged to join the PSI project so that the mining industry can further enhance the important role it is playing in poverty alleviation.

VETA Advisory Committee on mining

Trade Advisory Committees (TACs) were established by VETA to act as a technical arm of the Board and plays a key role in standards generation. In this respect, a number of institutions and individuals were appointed to the Trade Advisory Committees. The Chamber is represented in the Trade Advisory Committee on mining.

To-date the Advisory Committee has completed development of Occupational Unit standards for the Mining Sector, which will be used in preparing training and learning elements. The Committee is working closely with Geita Gold Mining in shaping up an apprentice program. The expanding mining industry will certainly need such tradesmen / women.

Destination Inspection Scheme

A new system of Inspection of imported goods known as a Destination Inspection Scheme (DIS) was introduced by Government and enforced on July 1, 2004 to replace Preshipment Inspection (PSI).

One of the reasons for introducing the new scheme was that it would result in a net reduction of the cost of doing business due to faster clearance time. Contrary to this expectation however, the new system has caused unnecessary and costly delays to clearance of mining supplies; this is coupled with a 1.2% inspection fee that the new system imposes.

In addressing to these issues, consultations with the Ministry of Finance and Tanzania Revenue Authority were made. To-date these issues have not been conclusively resolved; in particular we have requested consideration of exemption from DIS and waiver of inspection fee.

Meeting with the Prime Ministers Committee on Mineral Policy review at Dar and Arusha.

The mineral sector review committee was set up by the Prime Minister with the aim of making an in-depth analysis of the Mineral Policy 1997 and make appropriate recommendations to the government. This review was a necessary response to the wide spread criticism that mining is not benefiting the country.

In conducting its task, the Committee engaged with various stakeholders in the country including the Chamber at a meeting held on 26th July 2004. Dr. Jonas P. Kipokola, a long serving civil servant and one the architects of the Mineral Policy, chairs the Committee.

The consultative process culminated in a workshop that was held in Arusha from 2nd to 3rd September 2004 where over 100 stakeholders' participated. In this workshop

the Chamber discussed a paper presented by the Bank of Tanzania titled “distribution of revenue, enhancing tax and non-tax benefits”.

The Chamber also supported the Workshop to the tune of Shs. 2.6 million to cater for a translator and equipment. The following members made contributions: Williamson Diamonds, Placer Dome Tanzania, Resolute Tanzania, Tanzanite One, Kahama Mining Corporation Limited and Geita Gold Mining Limited.

HIV/AIDS Campaign

Chamber members have put in place programmes to fight the HIV/AIDS pandemic, prominent among these is the Geita Gold Mine Kilimanjaro Climb. This year’s event raised US Dollars 150,000 which was distributed to various needy groups and organizations at a function officiated by the Prime Minister on 28th September 2004.

Cooperation with other Chambers and Organizations

(i) Presentations to:Zimbabwe Chamber of Mines

The Chamber was invited to deliver a Keynote Speech to the Zimbabwe Chamber of Mines during the 65th Annual General Meeting on 21st May 2004 at Nyanga in Zimbabwe. The speech was delivered by Mr. E. Jengo, the Chamber’s Executive Secretary. The event served to cement further the association of mining industries in Southern Africa currently operating under MIASA – Mining Industry Associations of Southern Africa of which TCME is a founding member

(ii) Ambassadors Conference

The Chamber was invited to the Ambassadors Conference that was held in Ngorongoro in Arusha to discuss a paper presented by the Minister of Energy and

Minerals. Mr. E. Jengo represented the Chamber. The Ambassadors’ Conferences for Tanzania’s ambassadors are organized once in every five years, it was therefore a privilege for the Chamber to be invited in this year’s event as it was five years ago.

(iii) Tanzania Geological Society Conference

The Tanzania Geological Society invited the Chamber to make a presentation at its Annual General meeting held in Mwanza on 1st July 2004. The AGM was well attended by members of TGS as well as TCME members. Mr. E. Jengo made the presentation. TCME member companies contributed US\$ 1, 500 towards the event. Members that made contributions were: Geita Gold Mine, Resolute (T), Kahama Mining Corp. Placer Dome Tanzania and Williamson Diamonds Ltd. The Chamber wishes to thank the companies for their contributions

Adverse Publicity on Mining

Adverse publicity on the mining industry has been a long-standing issue. The Executive Council has it as an important agenda item in all its meetings and is committed to addressing it so as to gradually improve the image of the industry. Past public awareness campaign efforts have been made through organizing mine visits, seminars and Workshops for various groups, these will be sustained. This year the Chamber and members embarked on a public awareness campaign covering newsprint and TV media. In addition, a media consultant will be hired to guide the campaign process.

Cooperation with other organizations.

The Chamber is represented in the following important bodies:

- SEAMIC board of Governors.
- Commercial Court

- Public Expenditure Review Committee
- Small scale mining demonstration plant in Chunya
- Tax Review Task Force in the Ministry of Finance
- TRA Stakeholders Forum
- Mining Industries Association of Southern Africa (MIASA)
- International Council of Mining and Metals (ICMM) through MIASA
- National Employment Council (NEC)
- Tanzania Private sector Foundation (TPSF)
- Tanzania national Business Council (TNBC)
- VETA Advisory Committee on developing mining trades occupation standards.
- The proposed Golden Pride University College of Mines Trust Foundation Board

FUTURE OUTLOOK

With the expected growth of the Tanzanian mining industry as evidenced by new exploration endeavours, and the anticipated opening of new mines, it bears upon the Chamber to brace itself for formidable challenges such as addressing to labour issues, environmental management issues, social issues and others that will continue to impinge on the mining industry. To tackle the emerging issues will certainly require a united force of the membership and therefore co-operation and support will be a critical element.

In the coming year it is planned to work towards a number of new initiatives and objectives as elaborated in our Strategic Plan and also tackle what could not be accomplished in the previous year i.e.

- To continue building the Chamber's information database and also capacity for research for the benefit of the members,
- To facilitate meaningful dialogue with government on fiscal, legal, labour, security and other issues of importance to the industry, also engage with other institutions and stakeholders, so as to enable swift response to members' issues.
- To attend various meetings being initiated by government in their effort to meet their commitment to maintaining consultations with the private sector on major development issues. Due to limited capacity of the secretariat, at times members should be willing to represent the Chamber especially where certain meetings dictate presence of an expert in a particular field.
- Conducting mining awareness Workshops for various groups.
- Continue in identifying ways of supporting the small scale mining sector wherever possible and also initiating programmes related to the protection of the environment, and also industry wide tackling the HIV problem which is already affecting mining communities.

