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FIRST

REPORT OF THE PORTFOLIO COMMITTEE

ON

MINES, ENERGY ENVIRONMENT AND TOURISM ON THE DEVELOPMENTS IN GONAREZHOU TRANSFRONTIER PARK AND THE IMPACT OF GOLD PANNING ON THE ENVIRONMENT IN THE MIDLANDS REGION (SHURUGWI)

SC.16 2006

ORDERED IN TERMS OF STANDING ORDER No. 151:

(1) At the commencement of every session, there shall be as many select committees to be designated according to government portfolios to examine expenditure, administration and policy of government departments and other matters falling under their jurisdictions as the House may by resolution determine and whose members shall be nominated by the Standing Rules and Orders Committee. Such nominations shall take into account the expressed interests, experience or expertise of the members and the political and gender composition of the House.

TERMS OF REFERENCE OF PORTFOLIO COMMITTEES S.O 152

'Subject to these Standing Orders a Portfolio Committee shall:

a) Consider and deal with all Bills and Statutory Instruments which are referred to it by or under a resolution of the House or by the Speaker, consider or deal with an appropriation or money bill referred to it by these Standing Orders or by or under resolution of this House; and

b) Monitor, investigate enquire into and make recommendations relating to any aspect of the legislative programme, budget, rationalization, policy formulation or any other matter it may consider relevant of the government department falling within the category of affairs assigned to it, and may for that purpose consult and liase with such a department.'

On Tuesday, 19th of July 2005, Mr Speaker announced that the Committee on Standing Rules and Orders nominated the following members to serve on the Portfolio Committee on Mines, Energy, Environment and Tourism: -

Mr,Butau
Mr.Chandengenda
Mr Chindori-Chininga
Chief Dandawa
Ms Katsande
Mr Machaya
Mr.Makova Col. (Rtd)
Mr Mungofa
Mr Mushore
Mr M.M.Ndlovu
Mr Sansole
Mr Sibindi
Mr Ziyambi

On Thursday, 23 February 2006,The President of the Senate announced that the Committee on Standing Rules and Orders nominated the following senators to serve on the Portfolio Committee on Mines, Energy, Environment and Tourism: -

Ms Dube
Chief Gambiza
Chief Maduna
Mrs Mohadi
Mr Msipha
Ms.Muchenje
Ms Muzenda

Mr Gabbuzza (to be Chairperson)

(ii)

EXECUTIVE SUMMARY

As part of its oversight responsibility, your Committee found it imperative that it should conduct field visits in an endeavour to understand and appreciate the challenges faced by the 3 Ministries that it overshadows. Your Committee overshadows the Ministries of Mines and Mining Development, Environment and Tourism and Energy and Power Development. These visits were indeed an eye opener and are useful in directing and in the formulation of policies.

No doubt, Mr Speaker, the 3 Ministries have a key role to play in the stabilization of our economy, through foreign currency generation. Your Committee noted that it is important to put in place strategies to resuscitate the mining sector, curb illegal gold panning and to ensure that all the gold that is mined is sent to Fidelity. There is also need for Ministries of Mines and Environment to find ways of rehabilitating the environment, which has been damaged by illegal gold panning. On tourism it is important that the government and the corporate world find ways of marketing the tourist destinations in our country, such as Gonarezhou National Park, in view of the 2010 World Cup. There is little activity taking place in developing the Park. Under the Ministry of Energy and Power Development, there is need for a coordinated approach in the Rural Electrification Programme and the Jatropha project so that they benefit the end users.

1. INTRODUCTION

After having received oral evidence and in accordance with the Committee's oversight mandate concerning various issues across the three Ministries shadowed by your Committee on Mines, Energy, Environment and Tourism, the Committee resolved to conduct field visits to see various projects under the Ministries of Energy and Power Development, Environment and Tourism and Mines and Mining Development, and to enquire on their operations. The Committee visited the following: the Gold Roasting Plant in Kwekwe; small-scale mining projects in Boterekwa, Shurugwi; Gonarezhou National Park in Chiredzi, bio-diesel projects in the Hippo Valley and in Shokoni (Chivi).

2. ACKNOWLEDGEMENTS

The Committee would like to thank Ministry officials and other stakeholders for the assistance they rendered during the visits. These include:

Minerals Marketing Co-operation of Zimbabwe (MMCZ)
SIRDC Officials
Zimbabwe Environmental Law Association
Public Service Commission
Provincial Natural Resources Officers (Midlands Province)
Environmental Management Agency
Regional Mining Engineer (Midlands Province)
Regional Metallurgist and Geologist (Midlands Province)

3. Methodology

After having received oral and written evidence from the various stakeholders, the Committee embarked on field visits. During the field visits the Committee also received oral and written submissions from the various stakeholders. The Committee also made on-site observations, particularly on illegal gold panning activities in Boterekwa, Shurugwi.

4.Ministry of Mines and Mining Development visits

Objectives:

i. To assess the challenges of gold extraction at the Kwekwe Roasting Plant.
ii. To have an insight into the operations of small-scale miners in the Midlands area, (Shurugwi).
iii. To assess the damage that is being caused by the illegal and legal gold panning activity at Boterekwa in Shurugwi and the impact thereof upon the environment.
iv. To assess the mechanisms of stemming gold leakages amongst the small scale miners

4.1. **Tour of the Kwekwe Roasting Plant**

The Committee toured Kwekwe Roasting Plant initially owned by the Government of Zimbabwe where it received oral evidence from Minerals Marketing Co-operation of Zimbabwe (MMCZ) officials and Ministry officials. In evidence before your Committee, the Chief Executive Officer of MMCZ, Mr. Moyo said that the Roasting Plant was initially closed in October 2000 because of uneconomic gold prices and sub-optimal (standard) roasting technology. The other cause was the closure of mines, which were supplying concentrates as a result of the uneconomic gold price of about US$270 per ounce.

The closure of the plant had repercussions, which amongst others were:

i. That the Roasting Plant Act was rendered ineffective, meaning that the regulations in the act could not be applied as far as operations of the plant were concerned.
ii. In 2000, 105 employees lost their jobs but currently, the plant has a staff complement of 102.

iii. The closure also led to losses in gold production, which accelerated loss of revenues. Gold is an important foreign currency earner.

Thereafter MMCZ got involved in resuscitating the operations at the plant as part of government's policy to re-open closed mines. This started in 2003 where the plant was producing about 1,5kgs of gold per month. One of the strategies taken by MMCZ was to assist small-scale miners by processing their ore. The key focus areas for MMCZ were basically to commercialize and strengthen institutional capacity by elevating the small-scale miners. MMCZ also saw it crucial to enhance economic empowerment of the historically disadvantaged and also to improve corporate governance.

The gold project started in 2002 where there was the refurbishment and resuscitation of dump retreatment, the removal of dump material around the plant .To this effect, the cost of all this was Z$15bn. If the dump material were to be processed, it would produce about 6kg of gold per month .The assets at the Plant include an old plant and roasters and a residential compound.

The MMCZ's economic value proposition is to resuscitate operations at the plant, to create employment, to refurbish the plant, to contribute 42 kg of gold per year to Fidelity printers. Above all this, MMCZ undertook an Environment Impact Assessment (EIA), which was a program to conserve the environment.

One of the most profound challenges on extracting the gold at the plant is the problem of funding for the purpose of maintaining the equipment, and also for the management of the environment. There is also a need to acquire new technologically advanced machinery. Huge sums of money are also needed for re-opening closed mines and basically some of it to boost confidence in investors. Inflation has also affected the resuscitation programme, where items such as oxygen have become very expensive to buy.

Faced with these challenges, MMCZ would appreciate more interaction with the Committee so that the Committee would support it in biding for a budget to maintain assets. MMCZ would also need support in sourcing funding for Environmental Impact Assessment (EIA).

Findings:

i. Your Committee observed that most of the equipment at the plant is very old. Some of the buildings are dilapidated, where the roofs have fallen down. Workers use very dilapidated toilets, very unhygienic.

ii. The Plant is not yet fully operational.

Recommendations:

i. There is a need for the proper care and maintenance of the old site of the Roasting plant, which can be created into a museum. of old extraction machinery.

ii. An environmental rehabilitation should be conducted to avoid further damage to the environment.

iii. There is need for Fidelity to constantly review its price of gold to economic rates, so that mines and the Plant remain viable.

iv. There is need for the government to encourage mines to send their ores for processing at the Plant, because the dump has got a lifespan of 6 years.

4.2 BOTEREKWA: SMALL SCALE MILLERS

4.2.1 SKY ROCKER MINE – BIG VALLEY MASTER

Custom Milling Plant

This is an individually owned milling plant. It was started in 2004, through government funding of about Z$300m from SEDCO. Small-scale miners with permits supply ore for milling, thereafter they will be paid their dues and the produced gold would be sold to Fidelity Printers.

Like most of the people in this industry, the greatest challenge is that of funding. Such projects if they are to be of benefit to the nation, huge sums of money are needed to purchase machinery for checking the ore before it is milled and leaching out the gold trapped in mill dumps. This would help especially in determining the expected amount of gold that can be produced from a specific ore dump. .

4.2.2 APHET MINERALS

This is a licensed milling plant also individually owned. It was funded by Fidelity Printers with an amount of Z$4.2 billion. The processing plant was bought from the Chinese, of which after a few months it broke. The owner had engaged a lot of gold panners to supply the fine gold because there is not much from the plant itself, hence most of the gold is from the ore which is brought by the small scale miners. Mr. Aphet informed the Committee that there was so much environmental hazard and the country was losing a lot of gold to illegal gold panners who opt to sell to foreigners because of the low prices offered locally.

Although the gold panning activity has caused a lot of environmental degradation, credit should be given to Aphet Minerals, which decided to close the pits surrounding the farms.

Findings:

i. There are loopholes in the production of gold, which is eventually sold to Fidelity. There are no water tight mechanisms to ensure that all the gold produced is sold to Fidelity
ii. There was inadequate security for the gold that is extracted at the center.
iii. The set-up also showed that there was inadequate proof about the ore that is brought for milling by miners. Despite the fact that the miner has a certificate, the gold ore might have been mined elsewhere other than his/her mine.

Recommendations

(i) The Ministry should develop a mechanism that will detect whether an area is worth mining for the purpose of conserving the environment.

(ii) (ii) There also has to be a mechanism to ensure that all the gold produced from these millers is sold to Fidelity Printers for the benefit of the nation.

(iii) Another recommendation is that the government needs to support such small-scale enterprises. The millers need machinery and equipment, which will enhance the production of gold.

4.2.2 MAKUSHA AND SEBANGA SITES

These sites were established under big trees by the Gold Panners Association and the Local party office in a bid to curb environmental damage by the illegal gold panners. These were supposed to be community-based projects, generating income for the locals and also boosting government revenue. After digging the ore, the panners would grind it in open holes manually to extract gold from the ore and thereafter, Fidelity Printers would buy the gold. The project collapsed and the sites have been abandoned due to a number of reasons of which one of them is the low prices of gold offered by Fidelity . The gold panners sell the gold to individuals from South Africa and Botswana for higher prices. Ms Chabva from the Midlands Natural Resources' department highlighted that the main concern at Boterekwa was the way the panning is done. Although government had fenced the area and dug a pit latrine, the panners deserted the site.

Findings:

i. The site had poor infrastructure. There are no basic needs like shelter, water and toilets, posing a health hazard to the panners and the surrounding community. There is no proper road leading to the area.

ii. Although the site has been deserted, the panners continue with extraction of the gold in the nearby bushes and in the confines of their homes. This also poses a health hazard to the surrounding community, because the panners use mercury.

4.2.3 Illegal Gold Panning

The Committee conducted on-site visits in the forests at Boterekwa to assess the damage caused by illegal gold panners. The Mining Commissioner revealed that a lot of effort has been made to try and curb this practice. The police have been sent to arrest the panners and about 236 have been arrested and asked to pay a fine of $235 000 per person which is too low to deter the practice. Allegations have also been levelled against the police who are supporting this illegal practice. There also have been cases of panners getting injured as a result of falling rocks as they go about their business inside the deep pits. In 2004, about ten panners died and about ten injuries were reported. The panners also kill each other as they fight over a gold rich area.

Findings:

i. The pits that these panners dig are very deep and too close to each other hence threaten both human and wildlife. The pits are dug indiscriminately and some are very close to the major roads. One farmer had to re-locate his entire herd of cattle.

ii. For clearance of their path, panners would light up the grass, causing fires, which destroy forests.

iii. There were illegal settlements in the forests. As a result there is problem of rampant cutting of trees for firewood and this degrades the environment.

iv. Alluvial gold panning involves using huge amounts of water and this has led to the contamination of a nearby river, and its siltation thereof.

Recommendations:

i. Your Committee highly recommends that the government should assist these gold panners by teaching them proper mining methods and ways of conserving the environment. This can be in the form of setting up open cast mines.

ii. There is need to fill-up the pits which have been dug for the safety of both human and wildlife.

iii. There is need for the law enforcement agents to identify and arrest illegal buyers, as a way of ensuring that all the gold is collected by Fidelity.

iv. There is need to review the fine upwards that panners pay as an admission of guilty as one way of deterring this practice.

Ministry of Environment and Tourism

5.1 The objectives of visiting the projects under the Ministry of Environment and Tourism were:

(i) To assess the developments taking place in the Transfrontier Park in view of the budget allocation of $100 billion set aside for 2006

(ii) To see how prepared the nation is in terms of Infrastructural development for the overflow of visitors who will be coming into the country in the year 2010.

(iii) To get an insight of the Chitsa people residing in the Transfrontier Park in view of the 2010 world Cup games.

TOUR OF GONAREZHOU NATIONAL PARK

The Committee was welcomed by the Director General of Parks and Wildlife, Mr. Mutsambiwa before proceeding to Gonarezhou National Park. Mr. Mutsambiwa highlighted to the Committee that the Z$100billion which was allocated to the department of Parks has been disbursed for further developments in the Park. Z$10bn was paid to the Rural Electrification Agency for installation of electricity at Chipinda pools in the Park.

At the Park, Mr Madawo, the warden for Chipinda pools made a presentation to the Committee on the daily operations at Chipinda Pools. Chipinda Pools is a resort area located in the Park; it is about 1000 square km in size and receives about 350mm of rainfall yearly. The warden informed the Committee that one of the most threatening challenges was that of lack of camping equipment for the officers as they go for patrol. It then becomes very difficult for them to perform their duties effectively. There is also a challenge of lack of communication; there are no telephones at all.

The condition of the roads is very bad, which makes touring for the visitors very difficult. CMED will complete the 14km road to Chilojo cliffs. There is a primary school, which was established in 1970, but the plan is that if Mthondweni is to be accepted as a development area, the school be moved there.

So far there are about eleven proposed campsites to cater for the tourists in 2010.The warden informed the committee that by the year 2010 they look forward to have completed the Lodges project. There is an NGO; Peace Parks, which has recently, come in at the Park to help with the construction of a bridge, which will connect Kruger National Park and Gonarezhou.

The Chitsa people moved into the Park on the onset of the Land Reform Programme claiming that the area belongs to them traditionally. Although their moving out of the Park has been addressed, up to now they have not yet been moved, but according to the authorities concerned, plans are underway to relocate them out of the area by August 2006.

Findings:

(i) On the aspect of tourism, especially in view of the 2010 games in South Africa, the development, at this place has been very slow if any at all. This was being noted by the absence of lodges, shallets for tourists to camp. There are about 14 developed camps, 17 bush camps; there has not been any significant development in the area.

(ii) Some of the roads in the Park are still in bad shape.

(iii) The Park has not yet been electrified.

(iv) The Lundi Bridge which was washed away by Cyclone Eline in 2000 has not yet been repaired. This is a strategic bridge because it connects Zimbabwe and South Africa. It is not clear whether the

Ministry of Transport has set aside funds for the re-construction of this bridge or not. The officials in the Park and the surrounding community created a ‘causeway’, a temporary bridge which connects the north and south side of the park.

(v) There is an aerodrome supervised by Civil Aviation of Zimbabwe, which needs to be refurbished in light of the 2010 World Cup games.

(vi) The Chitsa people have not yet moved out of the Park. They did not harvest any crops because of the poor rains and animals. It was observed that veterinary fence had been stolen. This fence is essential in the control of the foot and mouth disease.

Recommendations:

(iii) The Gonarezhou National Park should be prioritized in terms of funding. There is a lot of infrastructure that needs to be repaired such as roads, the aerodrome, lodges, bridge etc.

(iii) There is also need to install communication services, in the form of landlines and cellular networks in the park.

(iv) The Park is a malaria infected area and it is important that a clinic is established in the Park. It can be in the form of a satellite clinic.

(v) Land has been identified within the national park, for the construction of a business park, comprising of restaurants, shops etc. It is important for the government to offer incentives for those that are interested in developing the Park.

(vi) It is important that land is identified for the Chitsa people so that they move out of the Park by August.

Ministry of Energy and Power Development

6.0 The objectives of visiting the projects under the Ministry of Energy and Power Development were:

(i) To view the projects that, have been undertaken by the Rural Electrification Agency in the conservancies.

(ii) To get an insight into the production of bio-diesel from the jatropha seed plant.

6.1 RURAL ELECTRIFICATION AGENCY (REA)

In the year 2003 Chipinda pools, through the department of Parks and Wildlife, paid in full for installment of electricity but up to now; the electrification exercise has not been completed. Asked to comment on the outstanding electrification programme, the officials from the Rural Electrification Agency informed the Committee that they are facing problems of inadequate funding. There is no money to acquire the necessary materials The amount paid up in full only caters for 40% of the total amount needed to complete the exercise, then REA pays up the balance which is 60%. The biggest challenge is that of inflation, which is affecting the cost of materials and equipment.

Findings:

(i) REA has put up infrastructure in the park such as poles but the station has not yet been electrified since 2003.

(ii) There is need for REA to speedily electrify the Park for the benefit of tourists and Parks officials.

Recommendations

(i) The funding of the Z$100bn should be decentralized, meaning that projects should be sponsored from their closest Province. The monies should be released as early as possible especially in light of the inflation in the country.

(ii) There is need for REA to speedily electrify the Park for the benefit of tourists and Parks officials

6.2 TOUR OF THE JATROPHA PROJECTS

HIPPO VALLEY PROJECT

The project is situated 7km away from Chiredzi town. The area planted is about three hectares and was established in the year 2002. Ms Muguti, an official from the Ministry accompanied the Committee to the site and gave a brief presentation on the National Programme on Jatropha. She said that the National program is looking at 10% substitution of diesel consumption from Jatropha seeds by year 2010. If one grows a cutting, within two years they can produce the seeds if the plant is properly watered. The normal growth rate is about five years and on average, the plant produces about five tones of seed per hectare.

In order to get the 10% - the nation has to plant 80 000 hectares of land. Each province is expected to grow about 10 000 hectares of land. Currently there are 6 000 hectares of land with the jatropha plant. There is also an outgrowing scheme by the National Oil Company of Zimbabwe (NOCZIM) of which farmers supply the seed and are given money for the supplies they would have made. The bio diesel is blended by 95% fossil diesel. Harare Polytechnic has a reactor and it can take-up 250 tons a day. Currently there is a vehicle moving about 13 km, using 100% bio-diesel.

There is also a private plant in Bulawayo, which produces 30 tons a day. One tone of seeds produces 2400 litres of diesel. There is a plant in Chitungwiza which produces 200 000 tonnes per year. There is also a programme to establish plants in Gokwe, Binga and Mutoko.

Mr. Mutambanuki from Agritex informed the Committee that the challenges faced in operating at this plant is that so far there has not been much produced because of lack of seed. After planting in sacks, there are nurseries, which need to be replanted. The other challenge on this is to clear the land, the land has to be a fertile land, and hence it needs to be tilled first.

The tree can also be of great use in rehabilitating heavily eroded areas because it produces a lot of biomass. Gully stricken land can be re-used. The leaves can be used to produce medical substances as mentioned by an individual farmer in Shokoni-Chivi.

Mr. Tumai, an individual farmer has about ten hectares of the jatropha plant. He started the programme in the year 2005, when an Indian man introduced it to him. His main aim was to grow the plant for producing medicine for piles and skin rush from the leaves and the roots. The roots and leaves can prepare dye and twines as well.

Recommendations

(i) Whilst the Ministry is trying to implement this project there is not much being done on the ground because there are no collective effort. The government needs a co-ordinated programme which takes into account jatropha plants which are growing in the forests and those found at homesteads.

(ii) The government should identify seedbacks for supplying seeds.

(iii) The Ministry should not concentrate on jatropha only but there are also Petrol blending programmes which need to be re-vitalized.

(iv) Government must come up with a programme which will outline its yearly activities on jatropha.

Conclusion

Mr. Speaker, it is the hope of your Committee that the government will take appropriate measures to assist the three Ministries that have been mentioned, especially in providing funding to fully carry out their activities. The mining and the tourism sectors are critical to the nation's survival economically in that they have a lot of potential in bringing in the much-needed foreign currency. Concerted efforts should be made to deal with the issue of illegal gold panning in an endeavor to save our natural resources, which include wildlife, water bodies and indeed human life.