

SA mining companies pay US\$81m to Zimbabwe

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Mining companies in Zimbabwe, including SA platinum miners, Zimplats, Anglo American Platinum and Aquarius Platinum paid US\$81.1m into the country's coffers in mineral royalty payments during the first half of the year.



Zimbabwe is heavily reliant on mining and agriculture to maintain its struggling economy against the backdrop of poor performance in the manufacturing and industrial sectors. The mining sector, which has been projected to grow by 17% this year, is facing increased threats to its growth prospects, with officials and analysts blaming the decline in fortunes on international commodity prices.

Mining royalty payments for the first half missed the US\$107.8m target set for the period. However, revenue collections from mineral royalty payments grew by 25% compared with the same period last year.

There are discussions between the government and mining industry to have the mineral royalties lowered to facilitate investment and expansion in the sector. Indications are that the government has expressed a willingness to lower the royalties and other mine taxes to attract further investment in the sector.

Depressed performance

"The depressed performance of the revenue was mainly due to the softening of international mineral prices, especially gold and diamonds," said Sternford Moyo, chairman of the Zimbabwe Revenue Authority (ZIMRA).

Zimbabwe could have collected more money, especially from the diamond mining companies, but Finance Minister Tendai Biti has persistently expressed concerns over the manner in which revenue from diamond mining is being calculated.

He claims that diamond mining companies are not remitting the full proceeds due to the state from diamond mining, with civic organisations alleging that the money is being used to fund the campaign of President Robert Mugabe's Zanu PF party. This has been denied by the party.

Zimbabwe's mining sector is also dependent on gold producers which include Metallon Gold, New Dawn Mining and Caledonia Mining Corporation as well as other mining groups such as RioZim which jointly operates the Murowa diamond mine together with Rio Tinto.

Gross revenue collection

During the first half of the year Zimbabwe earned US\$1.73bn in gross revenue collections compared with a target of US\$1.67bn. Second quarter overall revenue collections amounted to US\$873.6m and missed earlier projections by 6%.

Moyo said the period was characterised by "electricity power shortages, retrenchments, scaling down of operations and company closures" which contributed in Zimbabwe missing its target for the first half by 1%.

Excise duty collections firmed by 4% to US\$235.5m against a target of US\$226.8m, with excise duty on beer accounting for about 21% of this while tobacco and second hand vehicles also made significant contributions.

"Excise duty on fuel was the main contributor of revenue under this section, yielding 69% of the excise duty realised. Beer came second with a 21% contribution," Moyo added.

Delta Corporation, the Zimbabwean associate unit of global brewing company, SABMiller, previously said that excise duty on lager, which had been increased from 40% to 45% of manufacturer's price effective from December last year, had "been disruptive on both volumes and retail pricing" due to lack of small denomination coinage.

Source: BD Live via I-Net Bridge

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