

Zim reviews mining fees

Zimbabwe's treasury will soon engage the country's ministry of mines and mining development for a further downward review of mining fees. Presenting the mid-term fiscal policy last week, finance and economic development minister, Patrick Chinamasa, said the move was aimed at attracting new investment into the sector.

"In order to encourage prospecting activities, as well as reducing the cost of doing business, I propose a further downward review of mining fees and charges, in consultation with the ministry of mines and mining development," he said.

He highlighted the following current mining fees (which could be under special consideration for a downward review): Ground rental for diamonds per hectare per year (\$3,000), ground rental fee for chrome special block per hectare per year (\$1,500) and registration for platinum prospecting licence (\$500,000).



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The mining sector accounts for just over 22% of the country's gross domestic product (GDP). He said recent engagements with players in the mining sector had shown that the fees were still rather high despite an earlier downward review.

"Government, in January 2016, reviewed downwards mining fees and charges in order to enhance the viability of the mining sector, promote investment in prospecting and exploration activities, as well as advance the beneficiation agenda.

"However, further representations from the mining sector indicate that some of the fees are still considered high, hence the

need for further review, targeted at enhancing the ease of doing business in Zimbabwe."

Earlier in January, the government gazetted the Mining (General Amendment) Regulations, 2016 (Number 19), which set a new mining fee structure that both reduced and sought to standardise mining fees paid by miners to various government agencies and rural district councils countrywide.

For instance, under the new structure, a custom milling licence was reduced to \$5,000 per year from \$8,000. And an application for an exclusive prospecting order was set at \$2,000 (non-refundable), the same price as an application for a mining lease and a transfer of a mining lease.

The proposed mining fees reduction would be the third one in as many years. In 2014, the Government slashed registration fees for special platinum blocks were reduced from \$2,5m to \$750,000.

It also scrapped the \$5m registration fee for diamonds miners, among other reviews for several minerals. Observers say new investment into the minerals sector is likely to remain feeble going forward in view of prevailing weak commodity prices, hence the need for incentivisation.

Official figures show that Zimbabwe's mineral output for the first half of this year rose by 8,8% to \$806m, from \$741m in the prior comparable period. But Minister Chinamasa said the upturn in production during the first half was negated by the lower metal prices. "The modest gains during the first half of this year in some of our mineral commodities remain inadequate to compensate for the global fall in mineral commodity prices."

Source: AllAfrica.com

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