

Zimbabwe: Shabanie Mine On the Verge of Collapse

Bernard Mpfu
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ONE of the country's leading asbestos mines, Shabanie, is on the verge of collapse after its administrator failed to settle a US\$1 million electricity bill resulting in the disconnection of power, which prompted flooding of the mine. As a result equipment valued at over US\$450 million is reportedly submerged.

The mine, currently under the management of Arafas Gwaradzimba of AMG Global Chartered Accountants, has reportedly failed to pay salaries since last October's strike which resulted in the near-fatal shooting of three workers.

Mines and Mining Development minister Obert Mpfu told parliament last week that Shabanie Mine -- at the centre of a protracted ownership wrangle between government and former owner Mutumwa Mawere -- is facing a host of operational problems.

"I am aware that the only asbestos mine is having these challenges. You may also be aware that those companies are being administered by the administrator or curator and the functions and responsibilities of running those entities are in the hands of the administrator," Mpfu said.

When asked by Masvingo urban MP Tongai Matutu if he was aware of the plight of an estimated 3 000 workers who had not been receiving salaries over the last six months, Mpfu said: "We have no direct responsibility to the administration that was put in place on those mines."

Sources following developments obtaining at the mine said the decision to switch off power has submerged equipment worth US\$450 million. The sources added that the underground water had reached the 10th level of the mine where electricity sub-stations are based.

Mpfu however said the power utility cut power supplies to the mining company early this month. He said government was planning to repossess the mines, a decision he claimed would restore operations.

"I know last week their power was disconnected because of challenges in payment," the minister said.

"We have actually appealed to those responsible for those mines to at least bring those mines back to where they belong, that is the Ministry of Mines, so that we can deal with them in a manner that can address the issues."

Sources said the mine failed to settle the energy bill despite being granted a "grace period" by Zesa to take the equipment underground to the surface. This, the sources, warned could take six months before the company resumes operation.

Last September, Zesa reportedly disconnected power from Shabanie Mine over an outstanding bill of about US\$4 million dollars. The company was later reconnected after its management engaged the power utility and promised to settle the debt once the company was recapitalised.

Shabanie Mine was put under administration in 2004 after the state accused Mawere of externalising huge sums of foreign currency. Mawere -- a Zimbabwe-born South African citizen -- is still battling to regain his business empire expropriated by government. The empire spread from mining to agriculture, petroleum and media, among other sectors.

The business tycoon is based in South Africa.

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