

By Gift Chanda

AUSTRALIANS invest all over Africa, but at Munali, Zambia's only nickel mine, it is a question of whether Australia-listed Albidon's investment helped or hurt Zambians who live close by.

The mine is located at the foot of Munali Hills in Mazabuka district of Southern Province, about 80 kilometres south west of Zambia's capital Lusaka. Mazabuka is one of the country's prime agricultural areas.

When mining commenced, the mine operators dislodged a community whose livelihood and survival depends entirely on agriculture and pastoralism. There was an agreement that the residents would be relocated, but seven years after production of ore for the initial ten-year project started, some residents are yet to be resettled. Most of them are still unhappy with the failure by the mine developers to fulfil their socio-economic and compensation commitments.

At the moment, the mine has been placed under care and maintenance after underground operations were suspended in November 2012 due to cash-flow problems caused by the low global nickel prices and operational disruptions.

The mine, whose equity funding consisted of US\$40 million raised from Albidon shareholders, US\$15 million from the Jinchuan Group and US\$10 million from Zambia Consolidated Copper Mines Investment Holdings Plc, has had several operational disruptions and its developers have a poor history with the community. In 2012, the affected community dragged the mining company to court, seeking compensation for displacement.

Skinner Tantamujulu is a ward councillor in the area where the mine is situated. He recalls the huge commitments Albidon pledged before starting to develop the mine.

"We told Albidon that before they develop the mine, they had to find alternative land where to resettle those people at Chinkomba, where nickel deposits were found and it was agreed, and a memorandum of understanding was signed. The compensation agreements were also signed but Albidon did not fully meet what we agreed," Tantamujulu says.

"Some people were resettled and compensated but we still have about nine families that have not been resettled or compensated. The developer has been unable to find alternative land where to take these people. They



Former Albidon employee Christopher Machila (r) says he used to earn as low as \$189 in 2009

Munali mine residents complain of 'open prison' living conditions

promised to upgrade the Mugoto Primary School but that has not been done."

According to an Environmental and Social Management Plan (EMP) submitted to the Zambia Environmental Management Agency, the project developer, Albidon Zambia Limited, acquired mine surface rights covering 2,224 hectares of land, resulting in loss of land previously owned by 132 cluster households. Albidon Zambia Limited is a subsidiary of Albidon Limited, an integrated Australian explorer and resources development company listed on the London Stock Exchange's Alternative Investment Market (AIM) and the Australian Stock Exchange (ASX).

This meant that the single-most significant

negative impact of the project on the community was going to be the resettlement of households. Albidon maintained it had worked out suitable mitigation measures that sought to lessen the negative effects by maintaining and improving upon the livelihood and status of affected people.

The company agreed to resettle all the affected families and, according to the compensation agreement signed with the community, there was also a provision to increase slightly the amount of land an affected party previously owned.

For instance, if a party owned 10 hectares, it would be compensated with 15 hectares on top of replacing their physical structures.

However, the provision to increase slightly the amount of land an affected party

previously owned was not implemented for those families that were resettled. This still stokes popular resentment against the developers.

In July 2012, after a failed resettlement scheme, the residents of Mugoto area took Albidon to court for allegedly breaching the compensation agreement entered into between them and the mining firm.

Mazabuka UPND member of parliament Garry Nkombo also recalls that about 125 families were moved from Mugoto to a resettlement area named RAP, but the place was unsuitable for farming.

The families could not plant maize, which is the country's staple food, as well as other crops because the land was waterlogged and cracked.

Albidon was forced to surrender part of its land to accommodate some of these families.

But nine families have not been resettled and are still living within the mining area, some just about 200 metres away from the area under which there's a labyrinth of mine tunnels.

These people say they are suffering the most as they experience dust and are not allowed to cut down any trees to expand their agriculture.

The total population of those awaiting resettlement currently stands at 387, according to the Nega Nega ward council data.

Evans Kanungo, one of those yet to be resettled, says it has been like living in an open prison because movements are restricted by security officers guarding the mine.

"We are really suffering because when we go to management and ask when

they will resettle us, they say they don't have land; that land is very expensive. But we are wondering how land could be expensive compared to human lives," he says.

"I don't know if the President could help us with this mess because we are really suffering. We have been here for so many years, we are not farming and yet we have children to take to school. Our children have stopped going to school because we are not given anything. They found us here and they said they are going to find alternative land for us but for nine years they have not yet found land for us. For nine years we cannot expand our agricultural production yet our families are expanding."

The affected families say they look forward to the day they will be relocated because living within the mine area is very dangerous.

Last year, shareholders of Albidon Limited allowed a 100 per cent 'buy-off' of the mine to Jin Tuo Investments Limited, a subsidiary of Jinchuan Group Resources.

Earlier, Jinchuan Group had invested \$37 million in Munali Nickel Mine, giving it 51.3 per cent share ownership with controlling rights.

Now, Jinchuan has gone ahead to partner with Consolidated Mining and Investments Limited (CMIL) of Britain, and are looking to restart mining operations at the Munali.

A lease and royalty agreement has been signed giving CNM full operational control of the Munali mine and the adjacent exploration area for a 10 year period with the option to extend by another 10 years at CNM's discretion.

CNM said it is targeting to start operations in the fourth quarter of 2015, following receipt of the necessary agreements and permissions from the government.

As part of the partnership agreement, CNM has indicated that it will complete the original Relocation Action Plan (RAP) commitment by Albidon Zambia to relocate the local village and build the local infrastructure that is required.

For now, the actual mine site has been fenced but there are two families that live about 200 metres away from where a sinkhole occurred in 2011.

These families fear the mined out area could collapse, given the poor mining methods used in the past. In 2012, underground operations were suspended because of ventilation problems.

Ventilation fans had to be switched off after a sinkhole was discovered and the mine was evacuated but no one was hurt.

This former Australian-Chinese investment, however, still causes bitterness in this resource-rich but impoverished part of Zambia, with the community, former mine workers as well as former government officials accusing the developers of Munali Nickel Mine of giving less attention to issues of safety and pay.

The resentment is obvious: Australian governments are increasingly supporting mining overseas while allegations fly that environmental, social and employment standards upheld in Australia are being breached across Africa.

Streid Bankombo worked as an assistant electrician from the development of the



A man shows off part of the restricted areas at the mine



Councillor Skinner Tantamujulu at Maguto school

mine and says he was not pleased with the conditions of service.

“The conditions were not very good. If a worker got sick, it was not the business of the company to take the worker to the hospital. The worker must find a hospital on their own and the hospitals are not near around here,” he says.

“Even when there was a funeral in the family, there was no assistance that came from the company.”

The only thing that pleased him, however, was that the company provided safety clothing for its staff.

His former colleague, Christopher Machila, on the other hand was not happy with the low wages.

“From 2009 to 2010, I used to get K1,400 but after a protest, our salaries were increased to about K1,900. It was only in 2012 when they revised the salaries to include other allowances to reach K2,400,” Machila, who worked as plant operator, says.

“I had nine children and for me to make ends meet on that salary was a struggle of the fittest,” he added.

Safety lapses were also confirmed by government officials in the Ministry of Mines.

“When I was Minister of Mines, I was not very happy with the way management and technical people at Munali Nickel handled the management of that mine,” Wylbur Simuusa, a former mines minister who is also a miner by profession, says.

“When I visited the mine [in 2012], it was the time the mine was going through problems. The workers were on strike, they had not been paid for an extended time. There were also issues of trying to find an equity partner.”

Simuusa said he identified three problems that he was not very happy about when he toured the mine to understand the financial malaise that had caused the workers not to be paid.

“I was told that the company was not mining enough ore and that was caused by a sinkhole. Two, apparently their ore grade was lower than what was in the company’s plan and, thirdly, they said the plant could not handle the ore that they were mining and so their recoveries were low,” he says. “Each one of those I had a problem with because what that suggests to me is that any reasonable and decent investor or miner does a due

diligence before he goes into mining. They do a feasibility study, do all the technical studies. Take ore samples, you know what grade it is, do all the geo study so that you know the mine design. Now with those issues that were raised to me, it tells me that someone didn’t do their homework.”

Simuusa explains that the sinkhole Albidon claimed disrupted its operations could have been prevented.

“From their due diligence, you are able to see how strong the walls are; when you design the curves, you cannot expect a sinkhole,” he says. “For me, it was a classic case of incompetence. This sinkhole was a serious safety lapse because I am told that at the time it happened, there was no warning. Fortunately, there was no life lost and to me, that shows a serious safety concern because it could have been at least picked up.”

In its Environmental Impact Assessment prepared for Zambian environmental regulators, Albidon pledged it would implement internationally accepted occupational health and safety standards and procedures throughout construction and operation to create a safe workplace, thereby protecting its employees and contractors from accidents and illness.

“The sinkhole was a sign that technical and safety

matters were not 100 per cent,” Simuusa stresses. “When I was there, we were told not to go to certain areas for fear that something would happen in terms of ground movements.”

There was also an issue on ventilation, according to the former minister.

The machines they were using to go into the mine produced fumes.

“And to me those were telltale signs that internationally accepted occupational health and safety standards and procedures were not followed,” he says.

“Australia is a very strong mining country. In fact, compared to Zambia, they have been mining longer than us. They have bigger companies and they are professional people. Now looking at Albidon, I would wonder why a situation like that was allowed. It leaves me to question whether the Australians couldn’t put their foot down and influence the Chinese for the mine to run professionally,” Simuusa explains. “If it were in Australia, for example, and it was even majority Chinese-owned, was it going to be allowed to get to that situation? Because of that, I would question the Australian shareholders why it was allowed in Zambia. Were there double standards being played here that in Australia they would do things



Restricted mine area



Tantamujulu (l) at a meeting with those yet to be relocated

professionally and outside Australia it doesn’t matter? It still gives me that question. I would still look for answers.”

Current mines minister Christopher Yaluma says the government will monitor operations at the mine to ensure that the new shareholders are working to achieve the set targets.

He says the new shareholders have agreed to implement the resettlement plan and the government will ensure the people’s plight in Mazabuka is addressed.

Yaluma says he is confident that the new investor will bring the desired benefits for the people of Zambia.

He also reveals that new shareholders have agreed to

review its mining method to optimise profits.

He explains that the mining methods which initially were being applied at the mine were wrong.

“They were wrong compared to the formation of the core ore and it was not only costly but very difficult to extract and produce as much nickel as possible to meet the targets in the initial business plan,” Yaluma explains.

“But other methodologies of mining will be applied once operations resume.”

Independent consultants were recently sought by the mine to look into the mining methods, design of the mine as well as other operational difficulties.

Efforts to get to both Jinchuan, which has taken over Albidon, and their partner Consolidated Nickel Mine Plc failed as press queries sent to them were not responded to.

But as Australian investors continue clamouring for Zambia’s bounty of resources, concerns to ensure they live by their standards back home remain to be addressed.

Australian-owned mine Zambezi Resources Limited was given a 25-year permit in 2011 to prospect and mine in the Lower Zambezi National Park.

The park, which stretches along 120 km of the Zambezi River, is the fourth most visited park in the country and in 2012, the Zambia Environmental Management Agency rejected the mine’s environmental impact assessment.

It argued that the mine was not suitable for the nature of the project because it is located in the middle of the national park, and thus intends to comprise the ecological value of the park as well as its ecosystem.

But in February last year, the mine was given permission to go ahead by then lands, natural resources and environmental protection minister Harry Kalaba. But this was temporarily halted due to a court challenge from the Zambia Community Natural Resources Forum.

The High Court is yet to decide on issuing a licence for the project after civil society petitioned to try and stop the granting of a licence.

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Teacher’s house