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HWANGE TO FIRE 1 000 WORKERS

Thursday 23rd June 2016 22:45

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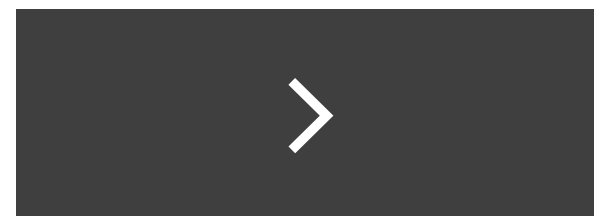


HWANGE Colliery Company Limited (HCCL) could trim its workforce to 2,000 from over 3,000 as part of a new business model meant to contain ballooning overheads and achieve profitability, Mines and Mining Development Deputy Minister Fred Moyo has said.

The giant colliery is saddled with debts of nearly

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\$300 million to different creditors and battles to sustain daily operations, which has seen it posting a series of losses in the last few financial years.

The state of affairs at the strategic firm has become a national concern with parliamentarians on Wednesday asking Deputy Minister Moyo to explain measures being taken to improve production at the colliery and save it from collapse.

The MPs sought clarity on why HCCL was underperforming despite receiving a \$32 million capital injection from the government, which saw it acquire major mining equipment mid last year.

In response Deputy Minister Moyo said right-sizing the employment levels of the company and protecting it from litigation were critical to its turnaround.

He said the government, which holds 37 percent shareholding at HCCL, was working with other shareholders to reposition the ailing firm.

“The company currently employs over 3,000 employees. The business permutation indicates that the correct level of employment will be around 2,000 employees so that is another area of focus,” he said.

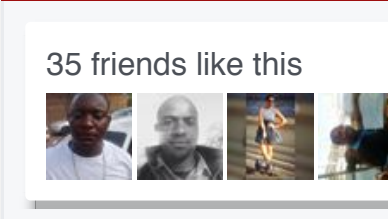
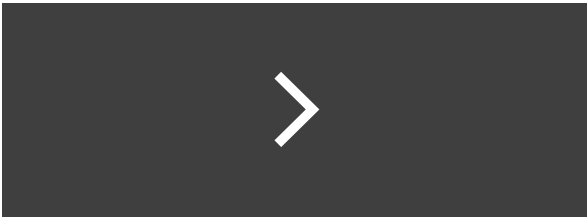
The retrenchment path could anger workers who accuse management of maladministration and misappropriation of funds, which threaten the firm’s viability. The workers recently dragged the company to court seeking judicial management, which they feel would protect the company’s property from litigation.

Also, a recent internal audit report (January to December 2015) showed that the company’s estates division lost more than \$2 million in stealthy payments for goods and services that were never rendered to the firm.

“The focus areas at the moment are to re-craft the company’s business model in order to lower overheads. The company will now have its main business being operated separate from the social

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service delivery sector of the current business structure. That will assist the company to recover costs as well as lower the overheads of its operations,” said Deputy Minister Moyo.

Another focus area, he said, was creating a shared asset vision, which is still to be discussed with the Zimbabwe Power Company and National Railways of Zimbabwe. He said the government was looking at reducing the capital requirements of the company. On litigation he said:

“The government, together with shareholders has put in place a scheme of arrangement that has been authorised by the High Court. The aim of the scheme of arrangement is to get the creditors to agree with the company to stay all litigation against the company and to approve the reconstruction business plan, which I have talked about in my earlier comments.”

To this end, he said a meeting of the company and its creditors is planned for the 14th of July where he hoped a path to protect the firm against litigation would be made.

He said these measures would allow all revenues and finances to be directed towards the productive efforts.

Deputy Minister Moyo admitted that some of the new equipment imported from India last year had mechanical faults but said the issue was being addressed between the company and the supplier through the assistance of the Indian embassy.

He also said HCCL was struggling to secure working capital to get fuel and consumables in place so that the equipment does not shut down.

“We are trying to get the local financial sector to assist the company. I am going to be talking to some of our bankers as early as tomorrow, to try and see if the company can in fact access some short term loan to close the gap of working capital shortages and I believe that we will be successful in these

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