IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA

REPORT OF THE SELECT COMMITTEE ON MINES AND ENERGY

ON THE

THE GHANA IRON AND STEEL DEVELOPMENT CORPORATION BILL, 2019

TUESDAY, 26TH MARCH, 2019
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1.0 INTRODUCTION
1.1 The Ghana Iron and Steel development Corporation Bill, 2019 was laid in Parliament on Wednesday, 13th March, 2019 by the Hon. Deputy Minister for Lands and Natural Resources, Mr. Benito Owusu-Bio, on behalf of the Minister, pursuant to Article 106 (1) of the 1992 Constitution.

1.2 The Bill was subsequently referred by the Rt. Hon. Speaker to the Committee on Mines and Energy for consideration and report pursuant to Article 106 (4) of the 1992 Constitution and Order 188 of the Standing Orders of Parliament.

2.0 DELIBERATIONS
2.1 The Committee met on 20th March 2019 and considered the Bill. In attendance to assist the Committee were the Deputy Minister Mr. Benito Owusu-Bio and other technical team from the Ministry of Lands and Natural Resources, Minerals Commission, the Office of the Vice President and Attorney-General’s Department.

2.2 The Committee is grateful to the Hon. Minister and his Technical Team for their invaluable input.

3.0 REFERENCE DOCUMENTS
The Committee referred to the following documents during its deliberations:
i. The 1992 Constitution of the Republic of Ghana;
ii. The Standing Orders of Parliament;
iii. The Minerals Commission Act, 1993 (Act 450);
iv. The Minerals and Mining Act, 2006 (Act 703); and

4.0 BACKGROUND AND JUSTIFICATION FOR THE BILL
4.1 Three major iron ore deposits have been discovered in Ghana during the colonial era and Ghana has since independence, made efforts towards the establishment of an integrated iron and steel industry using deposits of iron ore as the main raw material and available energy mix of hydro and thermal electricity supplies.

4.2 While all previous government recognise the several advantages associated with the development of an integrated iron and steel industry, all attempts to develop this industry have not been realised to date.
The reason for the unsuccessful attempts have in part been to the absence of a dedicated entity or corporation empowered and resourced to lead the development of this unique and importance industry, and one that will drive co-operation and co-ordination of several government ministries, as well as an end-to-end approach to the conception, planning and execution of an over-arching plan.

4.3 As part of Ghana’s industrialisation agenda, the government, hassituated the rapid and sustainable establishment of an integrated iron and steel industry, as one of the industrial drivers with a deliberate focus on value addition to the vast mineral resource of the country. The successful and sustainable mining of the iron and steel deposit is expected to significantly expand the capacity of the economy to create jobs and wealth for the people. The availability of the necessary resource locally, and related factor advantages, put the country in a prime position to leverage the iron and steel venture as a fulcrum for the pursuit of aggressive industrialization.

4.4 It is apparent that except general provisions in the Minerals and Mining Act, 2006 (Act 703) and the Minerals Commission Act, 1993 (Act 450), there is no specific legislation that focus on the development of an integrated iron and steel industry.

4.5 This Bill therefore seeks to establish a Corporate Body to promote and develop an integrated iron and steel industry in Ghana. Integral to the work of the Corporation, will be the need to attract the right finance, requisite resources and the world-class management and expertise to allow Ghana to build a globally competitive integrated iron and steel industry.

5.0 OBJECT OF THE BILL

5.1 The purpose of the Bill is to establish the Ghana Iron and Steel Development Corporation to promote and develop an integrated iron and steel industry and to provide for related matters.

6.0 HIGHLIGHTS OF THE BILL

6.1 Clause 1 provides for the establishment of the Ghana Iron and Steel Development Corporation as a body corporate with perpetual succession.

6.2 The object of the Corporation specified in Clause 2 is to promote and develop an integrated iron ore and steel industry.
6.3 The functions of the Corporation, which emanate from the object of the Corporation, are provided in Clause 3. The Corporation is required, among others, to undertake the preparatory work for the promotion and development of the integrated iron and Steel Industry, and related matters, collaborate with investors for the development of the integrated iron and steel industry, ensure the development and implementation of a local content policy across a value chain in the integrated iron and steel industry and ensure that the minimum total equity held by the State and the Ghanaian private sector in any joint venture in the integrated iron and steel industry is not less than thirty percent of the total equity.

6.4 For the purpose of achieving the object specified under clause 2, the Corporation is empowered in clause 4 to enter into joint venture operations, promote the economy and efficiency of the integrated iron the Steel Industry, ensure that a minimum part of the equity as may be determined by law is held by the Ghanaian private sector and in collaboration with relevant government agencies, establish a mechanism to ensure the requisite transfer of skills and know-how toGhanaians in the integrated iron and steel industry value chain.

6.5 The governance of the Corporation is provided for in clauses 5 to 12. Clause 5 provides for the governing body of the Corporation. The governing body of the Corporation is a Board consisting of eleven members, namely the chairperson, the Chief Executive Officer, a representative each of the Minerals Commission, the Association of Ghana Industries, and the integrated iron and steel industry.

6.6 Also included in the membership are a representative each of the Ministry responsible for Mines, Ministry responsible for Industry, Ministry responsible for Environment, Science, Technology and Innovation and Ministry responsible for Finance. The representatives from the Ministries should not be below the rank of a Director. Other members are two other persons with demonstrable competence in the industry nominated by the President, at least one of whom is a woman. The members of the Board are to be appointed by the President in accordance with Article 70 of the Constitution.

6.7 Clause 6 deals with the functions of the Board. The Board is mandated to ensure the proper and effective performance of the functions of the Corporation and formulated policies for the effective implementation of the object of the Corporation. Other functions of the Board are to oversee the sound and proper management of the integrated iron and Steel Industry and to ensure that the Corporation conducts its affairs in accordance with sound business and industry principles and prudent commercial practices.
6.8 Standard provisions on tenure of office of members of the Board, meetings of the Board, disclosure of interest, establishment of committees, allowances and policy directives are provided for in clauses 7, 8, 9, 10, 11 and 12 respectively.

6.9 Clauses 13 to 17 deal with administrative matters of the Corporations. The appointment and functions of the Chief Executive Officer are specifically dealt with in clauses 13 and 14. Clause 15 makes provision for the appointment of the Secretary. The Secretary is responsible for arranging the business of the Board, recording and keeping of the minutes of the Board and other functions that the Board may direct.

6.10 Clause 16 deals with the appointment of other staff. Clause 17 provides for an Internal Audit Unit to be headed by an Internal Auditor who is to be appointed in accordance with the Internal Audit Agency Act, 2003 (Act 658). The Internal Auditor is to prepare and submit to the Board, a report on the internal audit carried out during the period of three months immediately preceding the preparation of the report.

6.11 Clause 18 enumerates the various moneys that constitute the funds of the Corporation. These moneys include moneys approved by Parliament, internally generated funds, grants and loans.

6.12 Clause 19 sets out the standard provisions on the bank account for the Corporation. Clause 20 deals with expenses of the Corporation which are to be paid from the moneys provided for the Corporation under clause 18.

6.13 Clause 21 empowers the Corporation to borrow money to meet an expenditure of a capital nature including provision for working capital for the functions of the Corporation. This is however subject to article 181 of the Constitution and section 76 of other Public Financial Management Act, 2016 (Act 921).

6.14 Clause 22 deals with special power purchase rates. The State is to ensure the availability of power to the integrated iron and steel industry is to be provided at a globally competitive rate applicable to the industry. Standard provisions on accounts and audit and annual report and other reports are provided for in clauses 23 and 24 respectively.

6.15 Clause 25 grants a waiver or variation of tax to the Corporation subject to article 174 of the Constitution. The Minister responsible for Finance may, with the prior approval of Parliament, grant the waiver.

6.16 Clause 26 deals with intellectual property rights. The intellectual property right in any work made by an employee of the corporation in the course of an investigation for or on behalf of another person, government or administration is to vest in the corporation unless otherwise agreed by the parties concerned.
6.17 Clause 27 of the bill mandates the corporation to collaborate with the Minerals Commission, Ghana geological survey Authority, the Environment Protection Agency and other relevant public institutions to develop the integrated iron and steel industry.

6.18 The Minister is empowered under clause 28 to make Regulations. Clause 29 provides for the interpretation of various words and expressions used in the bill.

7.0 OBSERVATIONS

7.1 Policy Objective of the Bill

7.1.1 The Committee noted that the policy objective of the Bill is to establish a Corporate Body with the mandate of promoting the development and maximization of the value of Ghana’s iron deposit. The Corporation is expected to achieve this objective through a number of vehicles including making efforts to attract right investors, observance of local content participation in the industry, development of the downstream aspect of the value chain, protection of the environment and sustainable mining practices.

7.1.2 The Committee however observed that the title of the Bill includes the word 'Iron' which is a mineral in its raw form and which falls within the mandate of the Minerals Commission. The Officials of the Ministry explained that the inclusion of the word “iron” in the title was just to emphasis the connectivity of the mineral (iron) to steel and other derivatives. The Committee advised that the proposed Corporation role should be restricted to the promotion of the commercial aspect of the industry in order not to conflict the Constitutional mandate of the Minerals Commission as provided under Article 269(1) of the 1992 Constitution.

7.2 Special Power Purchase Rates

7.2.1 It was noted that purchase of power at the prevailing price in Ghana will make the iron and steel industry economically unviable and globally uncompetitive. The Minister explained that government is making arrangement to secure special power purchase rates from the Volta River Authority or the National Grid at a price not exceeding 3.5 US Cents per kilowatt-hour. The potential revenue losses from tariff reductions is expected to be recouped by the social and economic benefits of the industry.
8.0 CONCLUSION

8.1 The Committee has extensively deliberated on policy objective of the bill and is of the view that its enactment law would serve as incentives to attract private investment to harness the economic value of Ghana's huge iron deposits which is estimated at about three million tones in addition to potential job creation.

9.3 The Committee accordingly recommends to the House to adopt its report and pass the Ghana Iron and Steel Development Corporation Bill, 2019 into law, subject to the amendments proffered by the Committee and further amendments by the House.

Attached is the Amendments proposed by the Committee.

Respectfully submitted.

[Signature]

GEORGE MIREKU DUKER (HON)
VICE CHAIRMAN, MINES AND ENERGY COMMITTEE

[Signature]

MRS. JOANA A. S. ADJEI
CLERK TO THE COMMITTEE

Tuesday, 26TH March, 2019
ADDENDUM 1

AMENDMENT PROPOSED TO THE GHANA IRON AND STEEL DEVELOPMENT CORPORATION BILL, 2019

1. Long Title
(a) Line (1), after Ghana, insert “Integrated”

2. Clause 1
(a) The headnote, after Ghana, insert “Integrated”
(b) Line (2) after Ghana, insert “Integrated”

3. Clause 3: Functions of the Corporation
In Clause 3 (h), line 3, delete “instead” after “payment” and insert “are not declared and paid”

4. Clause 18: Funds of the Corporation
In Clause 18 (c), line 1, delete “and” after “grant” and insert “and the other moneys approved by the Minister responsible for Finance” after “loan”

5. Insert the following new Clauses after Clause 22:
   (a) “Clause 23: Annual Dividend Payments
(1) Dividends may be declared annually and paid to the Parties in the Joint Venture.

   (b) Clause 24: Guaranteed Annual Payments
(1) Where dividends are not declared and paid, the State shall be entitled to minimum 4% of the total annual revenue derived from the sale of any product from the integrated industry to be established.
(2) Any advanced payment made at any time to the state or to any other person directed by the state shall be deducted from any future dividend payments to which the State is entitled to under section 23.

   (c) Prohibition of Export of Iron Ore
(1) The Corporation shall ensure that there is no export of iron ore in its natural state unless it is processed and valued added as prescribed in the Regulations.”

6. Clause 28: Regulations
Delete the entire Clause and insert the following:
"The Minister may, by legislative instrument, make Regulations to generally provide for the effective implementation of this Act”

7. Interpretations
(a) “Corporation” means the Ghana Integrated Iron and Steel Development Corporation established under Section 1
(b) “Guaranteed Annual Payments” means annual payments under section 24 made to the State where dividends are not declared and paid to the shareholders.