

**IN THE FIRST MEETING OF THE SECOND SESSION
OF THE THIRD PARLIAMENT**

OF

THE FOURTH REPUBLIC OF GHANA

REPORT

OF

THE COMMITTEE ON MINES & ENERGY ON THE 2002

ANNUAL ESTIMATES OF THE MINISTRY OF MINES

13TH MARCH 2002

1.0 INTRODUCTION

Following the presentation of the 2002 Budget Statement and Economic Policy of Government to the House on Thursday, 21st February 2002, the Estimates of the Ministry of Mines was referred to the Committee on Mines and Energy for consideration and report in accordance with Article 103 (2) of the 1992 Constitution and pursuant to Standing Orders no. 188 and 156.

2.0 REFERENCES

In considering the draft estimates of the Ministry of Mines, the Committee made reference to the following documents:

- i. The 1992 Constitution of the Republic of Ghana
- ii. The Standing Orders of the Parliament of Ghana
- iii. The 2002 Budget Statement and Economic Policy of Government
- iv. The 2002 Annual Estimates of the Ministry of Mines.

3.0 MISSION STATEMENT

The Ministry of Mines, which was created in the last quarter of 2001, is to promote the management judicious, exploitation and utilization of the nation's minerals and geological resources for accelerated growth and development of Ghana.

This will be done under sound and sustainable environmental conditions, with friendly regulatory and legal framework for investors.

4.0 OBJECTIVES

To realize the above mission the Ministry has set for itself the following achievable objectives:

- i. To promote the development and management of mineral resources
- ii. To facilitate equitable access and security to mineral resources
- iii. To promote public awareness and the participation of local communities in the minerals and geological resource management and utilization.
- iv. To create an enabling environment for increased benefits from these resources
- v. To develop effective institutional capacity and capability at the national, regional, district and community levels for Mining and Geological Service delivery.
- vi. To review, update and consolidating existing legislations and policies affecting mineral and geological resources and

- vii. To research into problems of Minerals and geological resources.

2001 Provision

Mr. Speaker, the following were the provision for the agencies under the Ministry of Mines for the year 2001:

	P. E.	ADM.	SERVICE	INVEST.	TOTAL
Minerals Commission	¢2,535,042,442	¢2,008,232,000	¢2,190,830,950	¢6,653,500,000	¢13,387,605,392
Mines Department	¢183,269,755	¢570,696,596	¢607,629,950	¢39,800,000	¢1,401,396,301
Geological Survey Dep.	¢1,201,563,148	¢1,006,078,615	¢5,716,690,000	4,804,850,000	¢12,729,181,763

5.0 PERFORMANCE OF 2001 ACTUALS

The break down of 2001 actual of the agencies under Ministry of Mines were as follows:

MINISTRY OF MINES EXPENDITURE OUT-TURN 2001

TABLE 1

MDA	2001 ESTIMATES	ACTUAL EXPENDITURE	DIFFERENCE
MINERAL COMMISSION	¢ 13,387,605,392	¢8,294,092,178	¢5,093,513,213
MINES DEPT.	¢ 1,403,396.301	¢1,026,024,232	¢577,372,069
GEOLOGICAL SURVEY DEPT.	¢2,500,000,000	¢2,291,827,953	¢208,172,047

2002 ANNUAL ESTIMATES

TABLE 2

MDA	2002 PROVISION	ITEM 1 PERSONNEL EMOLUMENTS	ITEM 2 ADMINI- STRATION	ITEM 3 SERVICE	ITEM 4 INVESTMENTS
Ministry of Mines (Headquarters)	₱1,047,259,312	₱299,951,212	₱404,012,500	₱205,868,000	₱137,427,600
Minerals Commission	₱3,710,700,655	₱2,406,680,355	₱551,592,500	₱479,830,800	₱272,597,000
Mines Depart.	₱2,788,627,144	₱1,979,492	₱401,992,500	₱349,183,800	₱58,390,600
Geological Survey Dept.	₱4,263,632,117	₱2,137,442,317	₱702,240,000	₱1,016,438,000	₱407,511,800
TOTAL	₱11,810,219,228	₱6,823,134,128	₱2,059,837,500	₱2,051,220,600	₱875,927,000

6.0 OBSERVATION AND RECOMMENDATIONS

Mr. Speaker, your Committee observed that the Ministry of Mines could not furnish Members with the actual of its headquarters. This, the Committee was told, is due to the fact that the Ministry until the last quarter of 2001 was part of the Ministry of Lands and Forestry and therefore could not operate and independent Headquarters.

For the year 2002 however a total of about ₱1,047 Billion is allocated to the Ministry under Headquarters.

The Committee also, observed that the Ministry of Mines at the moment has no office accommodation of its own. As such the Ministry has part of its offices at the Ministry of Lands and Forestry whilst the other part is at the Ministry of Energy.

The Committee is of the view that such a situation is unacceptable and therefore urges the Ministry of Works and Housing to double its efforts at solving the accommodation problems facing the Ministry of Mines. The Committee wishes to remind the House that Mining sector alone contributes about 40% of our foreign exchange earnings and must therefore be accorded the necessary recognition.

7.0 MINERALS COMMISSION

From table 1 above the Committee observed that out of the **¢13.3 Billion** allocated to the Minerals Commission, **¢6.6 Billion** was approved for Investment Expenses for the year 2001. Out of the total amount approved for Investment Expenses only **¢1.6 Billion** was released for the Commission leaving a variance of **¢4.99 Billion**.

This situation was compounded by the inability of the Commission to benefit from the Minerals Development Fund (MDF) from which the Commission's operation used to be funded.

Similarly, only **₱1.799 Billion** out of the **₱2.5 Billion** allocated for Personnel Emoluments was released as at 31st December 2001.

The Committee was informed that the failure to release these allocations hampered the ability of the Commission to effectively carry out its monitoring responsibility.

Mr. Speaker, for the year 2002, the Minerals Commission has been given a total allocation of **₱3.710 billion**. The Commission complained that its actual expenditure for the year 2001 stood at **₱8.29 billion**. It therefore, considered its allocation for this year as woefully inadequate.

The Committee therefore wishes to urge the Minister for Finance to timely and wholly release allocations to the Ministry to enable them perform effectively.

Also, the Ministry of Finance together with the Ministry of Mines should resolve the bottlenecks that prevented the Commission

from utilizing the Minerals Development Fund so as to enable the Commission utilize the Fund for National Development.

8.0 MINES DEPARTMENT

Mr. Speaker, a total of about ₦1.4 Billion was allocated to the Mines Department. Out of the above figure ₦39,800,000 was approved for Investment. No release was made to the Department for Investment.

Similarly, out of the about ₦609 Million approved for Service expenses only ₦241 Million was released.

Looking at the above figures, the Committee is of the view that the Mines Department for the whole of the year 2001 almost spent much of its time doing nothing as no money was released to perform services especially to workers in the Mining Sector.

The Committee therefore wishes to urge the Ministry of Finance to ensure that money is made available to the Mines Department to enable them perform their monitoring activities to ensure the safety of our citizens in the Mining industries and to ensure efficient utilization of our Mineral Resources.

However, the Department wishes to construct an office accommodation at Bolgatanga to cater for the increasing Mining activities in the Northern part of the Country.

The Committee, considering the necessity for the creation of this Northern Office, wishes to urge the Minister of Finance to ensure that the investment allocations to Mines Department is fully released.

9.0 GEOLOGICAL SURVEY

Mr. Speaker, the Geological Survey Department is legally mandated with the responsibility of mapping out the Mineral resources of Ghana. To achieve its aim, it conducts research into the Mineral deposits in the Country by the use of sampling and Laboratory equipment.

The Committee observed that a total of about Twelve Billion Seven Hundred and Twenty-Nine Million, One Hundred and Eighty One Thousand, Seven Hundred and Sixty three Cedis (¢12,729,181,763) was allocated to the Geological Survey Department by this August House for the year 2001. Out of the total figure, only ¢5.28 billion was released to the Department.

The Committee was informed that the inability of the Ministry of Finance to release the entire amount made it difficult for the Geological Survey Department to carry out its investment and service activities.

Mr. Speaker, the Committee again noted that the allocation to Geological Survey Department has been further cut down to about ₺4.264 billion inspite of the fact that their Actual Expenditure as at December 2001 stood at ₺5.49 billion. This shows that the agency will not be able to expand this year.

The Committee therefore wishes to recommend to the Minister for Finance to at least consider the Actual Expenditure of Agencies of previous years and the activities of greater national importance when allocating ceilings to them.

The Committee also wishes to recommend to the Ministry of Finance to consider allowing the Geological Survey Department to retain a certain percentage of its Internally Generated Fund (IGF) as it is done to other agencies. The Geological Service Department currently pays all its IGF to the consolidated Fund.

10.0 GRANITE INDUSTRY

Mr. Speaker, the Committee also noted that our granite Industry is under threat as Marbles which are revered and considered as precious minerals in other Countries are being wasted by Road Contractors in our Country. Ghana is blessed with varieties of Marbles which when polished could generate foreign Exchange to Government as well as create employment opportunities for our youth.

Unfortunately however, Road Contractors in our Country have taken advantage of lack of care for our precious granites to, on several occasions, waste them as chippings for the construction of roads.

The Committee therefore wishes to recommend to the Minister for Mines to conduct feasibility studies into this alternative mineral resources which we have in abundance.

11.0 CONCLUSION

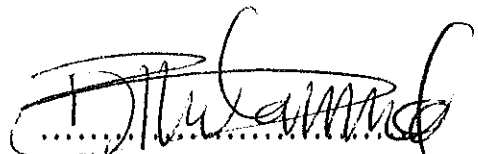
Mr. Speaker, considering the contribution of the Mining Sector to the generation of much needed foreign exchange for growth and development the Committee wishes to recommend to the House

to approve the total sum of Eleven Billion, Eight Hundred and Ten Million, Two Hundred and Nineteen Thousand, Two Hundred and Twenty Eight Cedis (¢11,810,219,228) for the Ministry of Mines for the year 2002.

Respectfully submitted.



~~A.B. BOADI-MENSAH~~
CHAIRMAN



INUSAH MOHAMMED
CLERK TO THE COMMITTEE