

**IN THE FIRST MEETING OF THE THIRD SESSION OF THE THIRD
PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA REPORT OF THE
COMMITTEE ON MINES AND ENERGY ON THE ANNUAL ESTIMATES OF
THE MINISTRY OF MINES**

1.0 INTRODUCTION

Following the presentation of the 2003 Budget Statement and Economic Policy of Government to the House on Thursday 27th February 2003, the annual estimates of the Ministry of Mines was referred to the Committee on Mines and Energy for consideration and report in accordance with Article 103(1) of the constitution of Ghana and Standing Orders No. 188 and 156 of the House.

2.0 REFERENCES

In considering the Draft Estimates the Committee referred to the following documents:

- (i) The 1992 Constitution of the Republic of Ghana
- (ii) The Standing Orders of the House
- (iii) The 2003 Budget Statement and Economic Policy of Government
- (iv) The 2003 annual Estimates of the Ministry of Mines

3.0 MISSION STATEMENT

The Ministry of Mines exists to promote the management, judicious exploitation and utilisation of the nations minerals resources for accelerated social economic growth, poverty alleviation and development of society. This will be done under sound and sustainable environmental conditions, with friendly regulatory and legal frame work for investors.

4.0 OBJECTIVES

In order to realise the above stated Mission, the Ministry has set for itself the following objectives:

- (i) To promote the development and management of Mineral resources
- (ii) To create conducive atmosphere and favourable service delivery conditions for increased private sector participation in minerals resource management and utilisation.
- (iii) To review and enforce existing laws, regulations and programmes on mineral resource utilisation and environmental protection.
- (iv) To strengthen the institutional and human resource capacities through training and development for quality service delivery.
- (v) To promote public awareness and the Participation of local communities in the minerals and geological management and utilisation.
- (vi) To improve international collaboration and coordination in the management and use of mineral resources.

5.0 PERFORMANCE OF 2002

Table one (1) and 2 bellow give the provisions and the actual release for the financial year 2002.

TABLE 1

M D A	2002 PROVISION	ITEM 1 PEE	ITEM 2 ADMIN. EXP.	ITEM 3 SERVICE	ITEM 4 INVESTMENT
Min. of Mines (HQ)	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 Dept.	2,788,627,144	3,943,492	401,992,500	349,183,800	58,390,600
Geological Survey	4,263,632,117	2,137,442,317	702,240,000	1,016,438,000	407,511,800
TOTAL	11,810,214,228	6,823,134,128	2,059,837,500	2,051,220,600	875,927,000

5.2 2002 ACTUAL RELEASES IN APPROX. BILLION CEDIS**TABLE 2**

M D A	ITEM 1 P.E.E.	ITEM 2 ADMIN.	ITEM 3 SERVICE	ITEM 4 INVESTMENT
Min. of Mines (HQ)	0.061	0.404	0.206	NIL
Minerals Commission	2.407	0.552	0.480	0.273
Mines Dept.	0.344	0.402	0.227	0.019
Geological Survey	1.924	0.702	0.695	0.110
Total	4.736	2.060	1.608	0.402

The percentage details of total (GOG) budget releases and summary of actual releases in the various items as well as the summary of Internally Generated Funds for the year 2002 are attached herein as **Appendix (A)**.

5.3 2003 PROVISION FOR THE MINISTRY OF MINES

(i)	Personal Emolument		9,826,000,000
(ii)	Administration Expenses		2,522,000,000
(iii)	Service Expenses GOG	2,504,000,000	
	Donor	<u>3,900,000,000</u>	<u>6,404,000,000</u>
(iv)	Investment	GOG	668,000,000
		Donor	<u>322,000,800</u>
			<u>990,000,000</u>
	Total		<u>19,742,000,000</u>

The break down of the total estimates for the Ministry of Mines in terms of GOG, DONOR and IGF are as follows: -

GOG	¢15.5 Billion
DONOR	¢ 4.2 Billion
IGF	¢11.5 Billion
TOTAL	<u>¢31.2 Billion</u>

NOTE: (GOG+DONOR) = ¢19.7 Billion (As provided in budget statement)

6.0 OBSERVATIONS AND RECOMMENDATION

In the course of its deliberations the Committee made the following observations and recommendations:

6.1 INADEQUATE AND NON-RELEASE OF FUNDS

The Committee observed that the Ministry of Mines, which was originally part of the Ministry of Land and Forestry, was separated in October 2001

to stand as a full Ministry. Its budget for the year 2002 was prepared under the Ministry of Land and Forestry and therefore it had to be quickly adjusted to provide fund for the new Ministry.

The Ministry, therefore, had to rely on a meagre provision of ₦11.8 billion cedis out of which only about ₦8.8 Billion was actually released i.e 74.6%.

From table (1) and (2) the Committee observed that even though the Ministry of Mines at its teething stage needed to invest in equipment and logistics for the running of the Ministry, nothing was released by the Ministry of Finance out of the ₦137, 427,600 allocated and approved for the Ministry

The inadequacy of the total Budgetary provision, coupled with the inability of the Ministry of Finance to timely release the money allocated, made it difficult for the Ministry to achieve its goals for the year 2002.

The Committee therefore wishes to recommend to the Ministry of Finance to pay the necessary attention to the Ministry of Mines, for the Mining sector alone contributes about 40% percent of our Foreign Exchange earnings.

6.2 OFFICE ACCOMODATION

The Committee observed that the Ministry of Mines does not have an office building of its own. Staff of the Ministry are scattered between the Ministry of Lands and Forestry and the Ministry of Energy.

This situation has made it difficulty for the Ministry to recruit the much-needed technical staff to offer crucial services and technical advice to the

Ministry. The Committee was informed that the Ministry of works and Housing has given a dilapidated building to the Ministry for its offices.

The Ministry has taken the initiative to demolish the building for a new one to be constructed, because the cost of rehabilitating the old building is estimated to be very high. Besides, the old building is a three bedroom house and therefore cannot meet the accommodation requirement of the Ministry. However, the inability of the AESL to timely finalise the sketch and estimate of the structure made it difficult for the ministry of Mines to capture it in the present estimates.

In view of the importance attached to this project, the Committee wishes to recommend to the Ministry of Finance to enter into a memorandum of understanding to enable the Ministry of Mines use part of the mineral development fund to finance the commencement of the project as soon as the AESL finishes its work on the project.

6.3 GEOLOGICAL SURVEY DEPARTMENT

The Committee observed that allocations made to the Geological Survey Department are woefully inadequate. The Department is supposed to be the leading department in the Mining Sector.

The Committee therefore considers it unsatisfactory for the Ministry of Finance to release only about six hundred and ninety five Million cedis (¢695 million) out of the paltry sum of ¢1.016 billion approved for Service expenses for the year 2002.

The Committee wishes to recommend to the Ministry of Finance to fully release monies approved for the Geological survey Department so as to enable the Ministry of Mines open up the Mineral potentials of the country.

6.4 UNREGISTERED SMALL SCALE MINING (GALAMSAY)

The Committee observed that the activities of illegal Mining operators, popularly known as Galamsay, still pose a big challenge to the Ministry of Mines. The Ministry of Mines with the help of the Ministry of Local Government has succeeded in organising unregistered operators into a group for Small Scale Mining in a confined area under strict supervision at Konongo.

Due to the success story of the programme at Konongo, the Committee wishes to recommend to the Ministry of Mines to extend these arrangements to other Mining areas to help to regulate and confine the activities of the Galamsay operators. It is the opinion of the Committee that organising such individuals into groups and confining them to particular areas will not only solve the problem of widespread land degradation, but will also offer opportunity for Mineral Marketing Companies to gain access to the Gold being mined by the Small Scale operators.

6.5 ROYALTIES

The Committee has observed that there has been persistent delay in the release of royalties to stool lands over the years. This delay usually results in stools agitating for royalties, which might have been paid earlier by Mining Companies. However, the inability of the communities to access these royalties slow down the pace of developmental projects in mining communities.

Consequently, the communities do not see the benefit of mining to their socio-economic development thereby making it difficult for mining to be acceptable to them.

The Committee therefore wishes to recommend to Government to consider capturing Royalties to District Assemblies and stool lands under Statutory Payments. It is believed that this will ensure timely release of royalties for the development of mining communities thereby relieving the Ministry of Mines and Mining Companies of the trouble of having to appease the communities by incurring unbudgeted expenditures.

6.6 ACHIEVEMENTS OF THE MINISTRY OF MINES

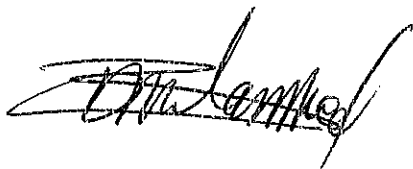
The Committee has observed with satisfaction that, in spite of the financial difficulties that the Ministry went through in its first one year of existence, it can boast of the following achievements:

- The Mining Laws of the country are currently under review.
- A modular refinery has been established in the country to produce high quality gold and silver for jewellery production through the private sector initiative.
- There has been an increase in private sector direct investment. Mining licenses granted to companies increase from 5 in 2001 to 15 in the year 2002.
- The Ministry has successfully facilitated a \$3.2. Billion HIPC loan for the Elmina Salt Miners Association.
- Accident rate in the Mining Sector has reduced by 10%
- Fifteen (15) field sheets were geologically mapped on a scale of 1:50,000 in the Upper West, Upper East and Volta regions.
- One hundred and twenty (120) clay samples were analysed in the Eastern, Ashanti, Volta and Western regions. Much of the clay is found to be suitable for the manufacture of bricks and tiles.
- Earthquake monitoring was carried out daily, and 15% of data needed for micro-seismic map has been digitised.

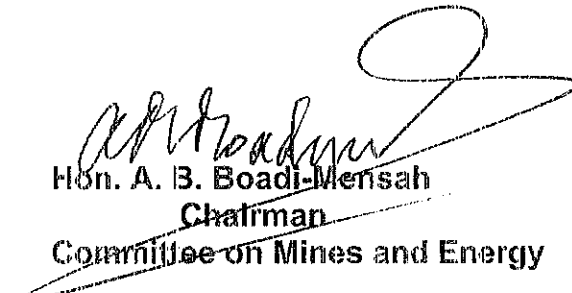
- Field campaign to site two (2) absolute gravity stations was carried out. Bolgatanga and Kukurantumi have been selected for the stations.

7.0 CONCLUSION

In view of the contribution of the mining sector to the foreign exchange earning of this country, the Committee wishes to recommend to the House to approve the total sum of Nineteen billion and Seven hundred and Forty Two million (¢19,742,000,000) to the Ministry of Mines for the year 2003.



Inusah Mohammed
Clerk
Committee on Mines and Energy



Hon. A. B. Boadi-Mensah
Chairman
Committee on Mines and Energy

APPENDIX (A)

PERCENTAGE DETAILS OF ACTUAL TOTAL (GOG) BUDGET RELEASES IN YEAR
2002 Billion ₪
Table 3

MDA	2002 Total budget estimate for items 1-4 ₪	Actual Total releases for items 1-4 ₪	% of total budget estimates released in items 1-4 %	REMARK
HQ	1.047	0.671	64%	
MC	3.711	3.711	100%	
MD	2.788** 1.153	0.992	35.6% of 2.788**	86% of 1.153
GSD	4.264	3.431	85.5%	
TOTAL	11.810	8.805	74.6%	

**PERCENTAGE DETAILS OF ACTUAL (GOG) RELEASES IN THE VARIOUS ITEMS IN
2002
Billion €**

Table 4

ITEMS	APPROVED BUDGET ESTIMATES 2002	ACTUAL BUDGET RELEASES 2002	PERCENTAGE RELEASES IN 2002
1	6.823	4.735	69.4%
2	2.060	2.060	100 %
3	2.051	1.608	78 %
4	0.876	0.402	45.9%
TOTAL	11.810	8.805	74.6%

3
SUMMARY OF INTERNALLY GENERATED FUNDS (IGF) FOR YEAR 2002 AND 2003 IN
billion \$ Table 5

MD	IGF GENERATED IN 2002	IGF PAID INTO CONSOLIDATED FUND IN 2002	IGF UTILIZED IN 2002 UNDER ITEMS 1-4				2003 IGF PROJECTION
			1	2	3	4	
HQ	-	-	-	-	-	-	-
MC	4.653	-	0.261	1.344	0.478	1.700	
MD	0.496	0.496	-	-	-	-	0.600
GSD	0.038	0.038	-	-	-	-	0.057
TOTAL	5.187	0.534		3.783			