

**REPORT OF THE COMMITTEE ON MINES AND ENERGY
ON THE 1998 ANNUAL REPORT OF THE
MINERALS COMMISSION**

1.0 INTRODUCTION:

The 1998 Annual Report of the Minerals Commission was referred to the Committee on Wednesday 1st December, 1999, in accordance with Standing Orders 156 and 187, Clause 17 Sub-clause II of Act 450 which established the Minerals Commission.

In attendance to assist the Committee discuss the report were the Chief Director of the Ministry of Mines and Energy, Mrs Veronica Wiredu and Officials from Minerals Commission.

2.0 BACKGROUND INFORMATION

The Minerals Commission was institutionalised in July, 1993 under Act 450 which charges it with the responsibility of seeing to the promotion, regulation and management of the minerals and mining sector in a sustainable manner.

3.0 OBJECTIVES AND FUNCTIONS

The main objective of the Commission is the promotion, regulation and management of the utilisation of the mineral resources of Ghana and the co-ordination of policies in relation to them.

The Commission was established to carry out the following functions for the realisation of its objectives:

- a. Formulate recommendations of national policy for exploration and exploitation of mineral resources with special reference to establishing national priorities having due regard to the national economy;
- b. Advise the Minister on matters relating to minerals;
- c. Monitor the operations of all bodies or establishments with responsibility for minerals and report to the minister;
- d. Monitor the implementation of laid down government policies on minerals and report on this to the minister;
- e. Receive and assess public agreements relating to minerals and report to parliament;
- f. Secure a firm basis of comprehensive data collection on national mineral resources and the technologies of exploration and exploitation for national decision making;
- g. Perform such other functions as the minister may assign to it.

4.0 **ACTIVITIES OF THE COMMISSION UNDER REVIEW**

To ensure the promotion of the sector and attracting investments into it, certain activities and projects were carried out during the year under review. These include:

- i. Monitoring visits to some holders of mineral rights to collect data, interact with operating personnel and have first hand information on the effect that current policy might be having on their operations.
- ii. The development of Ghana's mining sector on an environmentally sound basis through funding from the Nordic Development Fund (NDF) and under a world bank project for the mining sector - mining sector development and environmental project (MSDEP), under credit No. 2743-Gh.
- iii. Providing a mining sector information system under a contract with Geological Survey of Finland to form the basis for an efficient handling of all data related to Ghana's mining sector.
- iv. The production of industrial minerals brochure for the promotion of exploitation and use of industrial minerals in Ghana as well as promotion of CD-ROM to provide detailed on-line information and data on the minerals and mining sector in Ghana.
- v. Studies into how environmental issues could be integrated into mining sector development.
- vi. Production of Updated geological maps.
- vii. Physical reclamation of land in some areas of the country.
- viii. Studies into financing and marketing of Gold and Diamond under small scale mining and Regulatory Framework to assist small scale miners were completed.
- ix. Payment of a total amount of ₵ 3,383,959,834.97 from the Minerals Development Fund (MDF) to District Assemblies, Traditional Councils and Chiefs in whose areas of jurisdiction mining operations take place.
- x. Initiating the privatisation of state mines involving Ghana Consolidated Diamonds (GCD) and Ghana Bauxite Company (GBC).
- xi. A weekly meet-the-press series giving the Commission the opportunity of presenting its policy and views on various topical issues affecting the minerals and mining sector to the press.

OBSERVATIONS AND RECOMMENDATIONS

After an extensive study of the Report, the Committee made the following observations:

a. DISBURSEMENT OF ROYALTIES

Members were concerned about why some District Assemblies received nothing even though they have mining industries in their areas of jurisdiction. It was however explained that the Commission receives its data from the Internal Revenue Service on the various companies that pay these royalties. If a company in a District pays nothing, that District then receives nothing.

On the use of royalties disbursed to District Assemblies, Traditional Councils and the Stool, the Committee observed that clear rules and guidelines have still not been established on how these amounts should be applied and the mechanisms for monitoring their use.

The Committee therefore recommends that the Minister of Local Government and Rural Development as well as the National House of Chiefs should come out with appropriate guidelines as to how monies should be collected and utilised.

b. ENVIRONMENTAL ISSUES

The Commission has appointed consultants to undertake a study into how social and environmental issues could be integrated into mining sector development. The recommendations of the consultants will be incorporated into new policies. The Environmental Protection Agency (EPA) is also helping the Commission in this direction to enforce its environmental policies.

The Committee recommends that the Consultants should expedite action on the studies for its recommendations to be incorporated into their new policies.

c. COMPENSATION TO PEOPLE AFFECTED BY THE ACTIVITIES OF MINING COMPANIES

The Committee expressed concern about speculative farming and its attendant problems associated with compensation in mining areas particularly Ayanfuri. The Committee noted that the only solution to this problem is intensive education and interactions with both mining companies and the communities. In paragraph 3.1 where the Commission undertakes some monitoring activities, the Committee commends the Commission and urges it to do more.

d. CARTING OF BAUXITE FROM AWASO TO TAKORADI

Due to the irregularity of the rail system, bauxite production has fallen drastically. As of 1997, production was 537,000 MT. In 1998 production fell to 340,000 MT. The price of bauxite like other minerals is falling and to be able to breakeven, volume of production should be increased.

The problem however is with carting the product from the Mine at Awaso to the Harbour at Takoradi. It is worth noting that the Bauxite Mine lost 68 production days as a result of derailments. These derailments again left a stockpile of 197,000 MT (which could have been sold) sitting at the mine site.

The Committee appeals to the Ministry of Roads and Transport as a matter of urgency to assist the Ghana Railways Corporation to acquire mineral trucks to save the Awaso Mine otherwise its closure will result in loss of revenue, unemployment, the collapse of Ghana Railway Corporation, the possibility of Awaso turning into a ghost town; to mention a few.

e. OTHER OBSERVATIONS

With respect to Akwatia, it was observed that, the physical aspect of land reclamation had been carried out and plans were underway to use the land for agricultural purposes. There was however a genuine concern about the quantum of work done and the expression of doubt about the amount of money involved. It was however made clear that land reclamation does not necessarily mean bringing the land back to its original form, but to some other productive use. (Technical meaning)

The Commission indicated that it was under staffed as far as the Finance Section is concerned and expressed an urgent need for the engagement of a Financial Analyst. Measures are however being put in place to solve this problem.

The Committee was impressed with the staff training programmes aimed at strengthening the human resource base of the Commission and therefore urges it to keep it up.

Another observation made by the committee was the difficulty the Commission faces in monitoring the activities of Sandwinners. This is so because the activity is so widespread and some District Assemblies condone the activities of these Sandwinners.

The Committee recommends that the Commission should put in place measures to regulate the activities of these Sandwinners and to help flush out the illegal ones.

It further recommends that the minerals Commission should facilitate the making of by-laws by the District Assemblies to regulate the operations of these sandwinners.

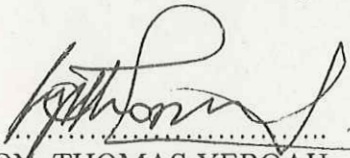
CONCLUSION

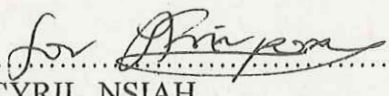
The Committee acknowledges the fact that the mining industry remains a key sector of the economy of Ghana; being the single most important contributor to the country's foreign exchange earnings. In this regard the mining industry should be given all the assistance it requires to ensure its viability. There is therefore the need for all collaborating agencies to put their forces together to achieve maximum benefit.

The Committee also recognises the efforts of the Minerals Commission in the promotion, regulation and management of the mining sector and urges it to do more in achieving its stated objectives.

The Committee therefore recommends to the House to adopt the 1998 Annual Report of the Minerals Commission.

Respectfully submitted.


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HON. THOMAS YEBOAH
CHAIRMAN OF THE COMMITTEE


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CYRIL NSIAH
CLERK TO THE COMMITTEE