

The Ghana Chamber of Mines, Publish what you Pay - 2009

Once again the Chamber is happy to publish payments made by the mining industry in 2009. This publication is part of the Chamber's pursuit of transparency in the payments and receipts in the mining sector in Ghana. It covers direct statutory and voluntary payments made to Government, companies both local and foreign but locally registered in Ghana, District Assemblies Individuals, and Traditional Authorities in 2009.

Contrary to perceptions, mining companies returned 76 per cent of mineral revenues to Ghana in 2009. This amount is far in excess of the statutory average of 20% required by the Bank of Ghana.

In addition, all producing members of the Chamber have set up social development funds. Gold producing members contribute a dollar per ounce as well as a percentage of gross profit into the funds for the socio-economic development of host communities. Other companies provide lump sums annually for the development of their communities.

The table below highlights payments made by the Chamber Members in 2009

| Assumption: Average exchange rate:US1=GHC1.42 | |
|---|----------------------|
| Revenue | US Dollars |
| Total Mineral Revenue | 2,384,836,583 |
| Mineral Revenue Returned to the Country through Bank of Ghana (Mandatory Surrender) | 513,122,672 |
| Mineral Revenue Returned to the Country through Commercial Banks (Voluntary Repatriation) | 1,299,132,935 |
| Total Revenue Returned to the Country | 1,812,255,607 |
| Percentage of Mineral Revenue returned to the Country | 76% |
| Local Payments for Goods (excluding Diesel & Electric Power) | 299,131,574 |
| Local Payments for Services & Contracts for handling ore, security etc. | 377,974,969 |
| Total Local Purchases excluding energy | 677,106,543 |
| Energy Spend | |
| Payment for electric power consumed | 161,000,000 |

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| Payment for diesel consumed | 179,000,000 |
| Total Local Purchases | 1,017,106,543 |
| Amount for amortizing loans, including interest payments | 192,856,497 |
| Amount spent on Imported Consumables | 384,374,253 |
| Amount spent on capital expenditure- CAPEX | 511,423,033 |
| Human Resource Information | |
| Number of direct Ghanaian Employees @ End of Year | 12,294 |
| Number of Expatriates @ End of Year | 278 |
| Remuneration for all Staff - (US\$) | 311,000,000 |
| Statutory Payments | |
| Mineral Royalty Payments | 73,411,657 |
| Employee Income Tax Payments | 33,705,712 |
| Property Rates Payments | 690,739 |
| Customs Duty | 8,051,469 |
| Customs Processing Fee | 2,269,676 |
| Concessionary Levy (5% on Imports) & EDIF | 1,657,433 |
| ECOWAS Levy | 481,695 |
| Dividends paid to the State | 2,155,689 |
| Corporate Tax | 18,971,615 |
| National stabilisation Levy | 12,915,435 |
| Withholding tax on Dividends | 287,474 |
| Total Statutory payments | 154,598,594 |
| Voluntary Socio-economic Contributions to Host Community and General Public (USD) | 11,064,564 |

Need for Increased Royalty to Mining Communities

The Minerals Development Fund (MDF) has been in existence since 1991 and is meant to make available a portion of the mineral royalties to be used directly for the benefit of mining communities, for research and other projects related to mining.

However, only ten percent of the mineral royalties paid by mining companies goes into the MDF. Out of this ten percent the Office of the Administrator of Stool Lands uses one per cent. The remaining nine per cent is then converted into a

100 per cent and disbursed as host communities as follows: District Assemblies - 55%, Traditional Councils - 20% and Stools - 25%.

In spite of our own social responsibility contributions, the proportion of the total mineral revenue, which the government returns to host communities, is only 5.5% of total mineral royalty payments. The Chamber believes that the 5.5 per cent is woefully inadequate for the stimulation of infrastructural development in the mining communities.

The Chamber is therefore advocating for 30 % of the royalties paid by mining companies to be returned to mining areas over a specific period of time and ring-fenced to specific infrastructural projects in order to catalyze the socio-economic development of mining districts.

Opportunities abound for the country to harness the potential linkages between the mining industry and secondary industries in Ghana.

The Chamber is working and will continue to work with relevant stakeholders to implement principles of collaborative decision-making and shared responsibility for the management of social, environment and development issues related to mining.

***Issued by the Ghana Chamber of Mines
Promoting socially and environmentally responsible mining in Ghana***

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