

## The Ghana Chamber of Mines, Publish what you Pay - 2008

Once again the Ghana Chamber of Mines is happy to publish payments made by the mining industry in 2008. This publication is part of the Chamber's pursuit of transparency in the payments and receipts in the mining sector in Ghana. It covers payments made to government, companies and individuals.

### About the Chamber of Mines

The Chamber of Mines is a **private sector minerals industry association in Ghana**, which has represented the collective interests of companies involved in mineral exploration, production and processing in Ghana since 1928. The Chamber's **vision** is to be a respected, effective and unified voice for the mining industry and its **Mission** is to represent the Mining Industry in Ghana using the resources and capabilities of its members to deliver services that address members, government and community needs, in order to enhance development.

Item	Amount (USD)
<b>Total Mineral Revenue</b>	<b>2,105,968,737</b>
Mineral Revenue Returned to the Country through Commercial Banks (Voluntary Repatriation) in USD	895,861,279
Mineral Revenue Returned to the Country through Bank of Ghana (Mandatory Surrender) in USD	429,176,956
<b>Total Mineral Revenue Returned to Country</b>	<b>1,325,038,235</b>
<b>Amount for amortizing loans, including interest payments(USD)</b>	51,805,345
<b>Imported Consumables (USD)</b>	375,858,441
Local Purchases of goods (excluding Diesel & Electric Power)(USD)	320,098,229
Local Purchase of Services & Contracts for handling ore, security, bussing etc.(USD)	146,457,382
<b>Total Local Purchases</b>	<b>466,555,611</b>
Amount paid for electric power consumed (Gh ¢)	73,297,402
Amount paid for electric power consumed (US\$)	103,507,218
<b>Total Amount spent on Electric Power</b>	<b>176,804,620</b>
Amount paid for diesel consumed (Gh cedi component)	70,789,631
Amount paid for diesel consumed (US Dollar component)	207,708,393
<b>Total Amount Spent on Diesel</b>	<b>278,498,024</b>

Gross Salary to all Staff (Gh¢)	84,975,239
Other Payments to Staff(e.g. bonuses, overtime etc) - Gh¢	72,634,290
Provident Fund (Company's contribution) - Gh¢	7,601,447
Social Security Payments (Company's contribution)	10,117,470
<b>Total Amount paid to and on behalf of Employees</b>	<b>175,328,445</b>
Mineral Royalty Payments	68,358,429
Employee Income Tax Payments	17,735,626
Property Rates Payments	901,238
Customs Duty etc	27,893,885
Dividends paid to the State	1,262,399
Corporate Tax	30,169,771
<b>Total Amount paid to State</b>	<b>146,321,346</b>
CAPEX	<b>668,926,690</b>
Voluntary socio-economic contributions to host communities	<b>12,405,861</b>
Voluntary socio-economic contributions to the general public	<b>1,340,001</b>
<b>Total</b>	<b>2,353,844,384</b>

*Numbers may not add up due to rounding.*

The total amount spent was 12% higher than the mineral revenue. This implied that mining companies had to raise extra funds beyond their mineral revenues to run their mines in 2008. Data shows that the producing companies did not pay any dividends to investors.

#### **The mining Industry and the macro economy in 2008.**

The Bank of Ghana requires that mining companies should return an average of 20% of mineral revenue back to Ghana through local commercial banks. However, mining companies usually return far more than the 20 per cent back to Ghana. As the table shows, in 2008 alone, 63 per cent of total mineral revenue was returned to Ghana, out of which:

- 6% was paid to government both at the national and district level in the form of royalties and taxes.
- 10% was paid to VRA and ECG for electric power purchases.
- 3% was paid to government as well as margins to Oil Marketing Companies. as taxes, levies and duties.
- 2% of mineral revenue was used to amortize loans Offshore
- 32% of mineral revenue was spent on CAPEX, essentially to import capital items.

**Also in 2008 the mining industry contributed the following to the local and national economies:**

- 44% of the country's gross export revenue
- 3<sup>rd</sup> highest contributor to the Internal Revenue Service's
- Employed over 12,600 people,
- Paid over US\$10 million in social security contributions on behalf of its employees, which are long-term funds that contribute to the nation's capital formation drive.
- Spent 22% of its revenue to procure 47% of all inputs locally.
- Procured 71% of consumables locally.

**Mining and Local Content**

The mining industry has been consciously increasing the quantum of local inputs in its operations for some time now. For instance in 2008 alone, mineral producing member companies of the Chamber procured 47 cent of inputs and 71% of consumables locally.

The promotion of local content in our operations is not just a social responsibility activity, but also a direct response to Section 105 of the Minerals and Mining Law 2006, Act 703, which stipulates among others that the holder of a mineral right shall in the conduct of mineral operations and in the purchase, construction and installation of facilities give preference to materials and products made in Ghana. The Law further states that the holder of a mineral right shall, in phases of its operations, give preference in employment to citizens to the maximum extent possible and consistent with safety and economy.

**Social Development Funds**

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 host communities. As the table depicts, in 2008 alone, over US\$13.7 million was spent on voluntary public and community development projects.

**Conclusion**

As good corporate citizens committed to the socio-economic development of host communities, the Chamber will continue to advocate for the State to increase the quantum of royalties it (State) returns to mining communities from the current 9 per cent to 30 per cent for a specific period of time and tied to specific infrastructural projects in order to catalyse development in the mining areas of Ghana.



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

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