

Government owes over Gh100 million in mining royalties to communities

Source: Ghana | Luv Fm | Prince Appiah

Date: 29th-december-2015 **Time:** 6:33:32 pm



Share this story:

The government of Ghana is indebted to mining communities in royalty arrears to the tune of over 100 million Ghana Cedis.

The money is an accumulation of 10% share of receipts by central government on behalf of beneficiary communities since 2012.

Mining companies pay five per cent of their revenue as royalties to communities in line with agreements for mineral extraction.

According to the Mining Act, Act 703 of 2006, communities are entitled to 10 per cent of total royalties paid to government.

Tarkwa, Prestea, Kenyase and Obuasi are some of the major mining communities in Ghana.

The Adansi Traditional Area (Obuasi, Fomena, etc) is one of the biggest beneficiaries whose money government is keeping.

Paramount Chief of Adansi, Pagyakotwere Bonsra Afriye the second, explains the situation is affecting the administrative running of the paramountcy.

“We are finding it difficult to run because it (royalties) forms a greater portion of our funds. We have not received ours since 2012,” he pointed out passionately.

Residents in such communities often accuse traditional authorities and mining companies for lack of development in their respect areas.

The Ghana Chamber of Mines says it cannot be blamed for government's indebtedness to communities in mining royalties because all its members are regular in payment.

Head of Communications, Ahmed Nantogmah, says mining firms have always fulfilled their obligation to the state.

He said the worry, to the chamber, is that even before the mandatory 10 per cent gets to the respective communities, it has reduced.

"We see that most mining communities are not in the state they have to be. The royalties come to the central government and it takes back only nine per cent to the communities," he stressed.

He wants government to increase the share of royalties to communities.

"We are of the view that government could return more; say, about 30 per cent of royalties to the communities and tie it to specific projects over a period."

The state of mining communities such as Tarkwa, Prestea and Obuasi has often been compared to places elsewhere like Johannesburg in South Africa, in terms of development.

The gap is obviously wide. Johannesburg is described as a real definition of a mineral-rich community but little can be said about its counterparts in Ghana.

In the midst of such deprivation, funds meant for developments are almost always locked up while fingers are pointed mostly at multi-national mining firms for little or no commitment to communities in which they make lots of money.

"It is not the role of the mining companies to develop the communities; it is the role of the community to do that, and that is why royalties are paid," Mr. Nantogmah emphasized.

He asserts that, in terms of community development," it should be done by the state but it is not being done. So the money comes to the state but is not going back to the respective communities. It has not been paid for three years. That is what we are saying is not right."

One of the ways to address these challenges, according to the chamber, apart from the royalty disbursement going in time; is that it should be increased and tied to projects.

"There should be guidelines in the utilization of mining royalties," said Mr. Nantogmah.

He indicates the chamber has informed the Minerals Commission about the situation for redress.

"We have made presentations to the government, the Sector Minister and Minerals Commission. We have been talking and we expect that government will listen," he added.

Principal Planning and Policy Officer at the Minerals Commission, Jerry Ahadjie, explains that the money is paid into the Consolidated Fund.

“The money from the mining companies gets into the pool which in turn is distributed to respective district assemblies. Mining royalties is taken from this pool,” he said.

He gives assurance work is still underway for communities to receive their share of the money.

The Lands and Minerals Commission, at the beginning of 2015, set up District Mining Committees (DMC) in mining communities across the country, in compliance with Section 92 of the Minerals and Mining ACT 2006, ACT 703.

Respective Metropolitan, Municipal and District Chief Executives chair mining committees, with representation from various stakeholders, with responsibility to administer mining activities in collaboration with the Minerals Commission.

There are, however, questions about making political heads chair the committees instead of traditional authorities.

According to some analysts, the existing leadership arrangement is the cause of the delay in disbursement and, sometimes, misappropriation of royalties.

“It delays the royalties, then it either comes less than it is supposed to be or it is used for things other than it is intended for”, a worried traditional leader lamented.

Mr. Ahadjie however debunks the allegations saying the DMCs assist the Minerals Commission’s local mining officers to manage small-scale mining in the districts.

“The decision to make the DCEs head of the DMCs is because they represent the President at the local level so in terms of security, health or mining, the principal actor is the DCE at the district level,” he explained.