

**IN THE SECOND SESSION OF THE SEVENTH  
PARLIAMENT OF THE FOURTH REPUBLIC OF  
GHANA**

**REPORT OF THE COMMITTEE ON ROADS AND  
TRANSPORT**

**ON THE**

**ANNUAL BUDGET ESTIMATES OF THE  
MINISTRY OF AVIATION FOR THE 2019  
FINANCIAL YEAR**

DECEMBER, 2018



# **REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2019 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF AVIATION**

## **1.0 INTRODUCTION**

On Thursday, 15<sup>th</sup> November, 2018, Mr. Ken Ofori Atta, the Minister of Finance and Economic Planning, in fulfilment of Article 179 of the 1992 Constitution presented to the House the 2019 Budget Statement and Government Economic Policy.

In accordance with Standing Orders 140 (4) and 189 of the House, the 2019 Annual Budget Estimates of the Ministry of Aviation was referred to the Parliamentary Select Committee on Roads and Transport for consideration and report.

## **2.0 DELIBERATION**

The Committee on Wednesday, 6<sup>th</sup> December 2018 met the Minister of Aviation, Hon. Joseph Kofi Adda, his Deputy, Hon. Kwabena Okyere Darko-Mensah, the Chief Director and Heads of agencies of the Sector Ministry and Officers from the Ministry of Finance and Economic Planning.

## **3.0 REFERENCE DOCUMENTS**

The Committee made reference to the following documents during the consideration of the Estimates:

- i. The 1992 Constitution of the Republic of Ghana.
- ii. The Standing Orders of Parliament.
- iii. The Budget Statement and Economic Policy of the Government for the 2019 Financial Year.
- iv. The National Medium Term Development Framework for 2019-2021 (NMTDF).
- v. The Report of the Committee on the 2018 Annual Budget Estimates of the Ministry of Aviation.

#### 4.0 AGENCIES UNDER THE MINISTRY

- Ghana Civil Aviation Authority (GCAA)
- Ghana Airport Company Limited (GACL)

#### 5.0 GOAL OF THE MINISTRY

The overriding goal of the Ministry is to develop policy guidance and set out priorities for investment, development and operations that aim at establishing Ghana as an Aviation Hub within the sub-region and position Ghana as the preferred destination of choice for travellers and open up the country for investment, business and tourism

#### 6.0 FUNCTIONS OF THE MINISTRY AND AGENCIES

The core functions of the Ministry and its Agencies are:

##### Headquarters (Ministry)

- Formulating and coordinating aviation policies as well as integration of sector planned strategies with other Sector Ministry.
- Ensure sector performance management, monitoring, evaluating and reporting.
- Promote innovation, research and development as well as information management.
- Develop human resource capacity and new technology for the sector.
- Grant approval for licensing of Air Transport operations.
- Negotiate Bilateral Air Service Agreement with handling partners.

##### Ghana Civil Aviation Authority (GCAA)

- Regulate Air Safety and security
- Provide Navigation Services
- Regulate Air Transport
- Advise Government on Aviation matters

## Ghana Airports Company Limited (GACL)

- Plan, develop, manage and maintain all public airports and aircrafts in the country.
- Facilitate aircraft, passenger, and cargo movements.
- Provide safety and security for aircraft, passengers and cargo in accordance with the best international practices.

### 7.0 OBJECTIVES

To make Ghana an Aviation Hub for the West African Sub-Region.

### 8.0 ACHIEVEMENTS IN THE 2018 FISCAL YEAR

#### Management and Administration

- Cabinet approval was obtained for the Ministry to negotiate and partner Air Mauritius and Abu Dhabi Aviation. Discussions with Ethiopian Airline and other strategic investors, for the establishment of a Home-Based Carrier with Ghanaian participation was also pursued.
- Sod cutting for construction commenced on the Kumasi Airport Phase II Project.
- Cabinet and Parliamentary approval were obtained for the construction of Tamale Airport Phase II Project. The Commercial Agreement is yet to be signed.
- Negotiated and initialled BASA with Congo and signed an initialled BASA with Rwanda.
- Cabinet approval was obtained to sign and initialled BASAs with Cameroon, Benin, Mauritius and Jamaica.
- International Airlines increased from thirty-seven (37) to thirty-nine (39) with the inclusion of Air Namibia for (international) and Passion Air Fare (domestic).

## **Aviation Infrastructure Development and Management**

- The rehabilitation of Wa Airport is 100% complete.
- The construction of Ho Airport is 100% complete
- Kumasi Airport Phase II is 30% complete.
- The Kumasi International Airport (KIA) Development Phase III Project is 98.7% complete.
- Phase II of Kumasi International Airport (KIA) Terminal 2 expansion and the relocation of Customs at KIA Terminal 2 arrivals to Meters and Greeters, is 94.5% completed.
- Construction of the Southern Apron at KIA is 99% completed and has been handed over.
- The design and Construction of Terminal 3 is 100% complete.
- Ducting and Reinstallation of AGL for Code 4F Aerodrome at KIA is 94% completed.
- Rehabilitation of six kilometre (6km) inner perimeter road at Kumasi Airport is 100% complete.

## **Aviation Regulation, Certification, Security and Safety Management**

- The construction of Air Navigation Services (ANS) Centre is 51% completed.
- Installed and commissioned three (3) Navigational equipment which included;
  - High Frequency Radios (HFR)
  - Very Small Aperture Terminal (VSAT)
  - Air Traffic Management (ATM) System
- Supply and installation of Instrument Landing System at Tamale Airport is 100% completed.

## 9.0 FINANCIAL PERFORMANCE OF 2018

Table 1 shows the breakdown of Budget for 2018

EXPENDITURE ITEM	APPROVED BUDGET	RELEASED BUDGET	2019 BUDGET
Compensation	769,975.00	654,731.54	858,522.00
Goods & Services	4,170,840.00	2,711,046.00	2,377,379.00
Capital Expenditure	1,774,420.00	193,907.50	1,685,699.00
Total (GoG)	6,715,235.00	3,559,685.04	4,921,600.00
DP (Capex)	191,640,000.00	174,184,861.50	313,222,700.00
<b>Grand Total</b>	<b>98,355,235.00</b>	<b>177,744,546.54</b>	<b>318,144,300.00</b>

A total allocation of GH¢98, 355,235.00 was approved for the Ministry in 2018.

### 9.1 Expenditure Trend

Out of the total amount, amount GH¢191, 640,000.00 was for the construction of the Kumasi Airport Phase II project.

By the end of September 2018, the total amount released and expended is Gh¢177,744,546.54 which represents 89.61%. The total amount released and disbursed covered compensation of Employees, Goods and Services, Capex (GoG) and Donor Partner (DP) funding.

GoG funding source releases amounted to GH¢3,559,685.04 representing 53% and DP funding source releases (Construction of the Kumasi Airport Phase II project) amounted to GH¢174,184,861.50 representing 90.8%.

## 10.0 2019 BUDGETARY ALLOCATION FOR THE MINISTRY OF AVIATION

The Ministry of Aviation was allocated a total budgetary sum of GH¢318,144,300.00 for its programmes in the 2019 financial year.

The breakdown of the allocation is shown in table 2

Table 2 Budgetary Allocation for 2019

EXPENDITURE ITEM	2019 BUDGET
compensation	858,522.00
Goods and Services	2,377,379.00
Capital Expenditure	1,685,699.00
Total GoG	4,921,600.00
D.P (Capex)	313,222,700.00
<b>Grand Total</b>	<b>318,144,300.00</b>

## 11.0 PROGRAMME OUTLOOK FOR 2019

The Ministry of Aviation budgetary allocation would be disbursed on the following programmes:

### 11.1 Operations

The Aviation Ministry will continue with the maintenance and rehabilitation of Airports across the country.

### 11.2 Projects

- The construction of the Tamale Phase II will continue and should be 65% completed.
- The Kumasi International Airport (KIA) Phase II would continue and be transformed into the status of International Airport Phase II would commence.
- The construction of Regional Airport.
- The MRO/Cargo terminal will be constructed.
- The Green Airport project will take off with the Ministry partnering the private sector to solar panels at all Airports as an alternative energy supply.
- A modern Air Navigation Service (ANS) centre at the Kotoka International Airport (KIA) to provide a state of the art equipment



for air navigation services and offices for Air Traffic Controllers and Engineers would be completed.

## 12.0 OBSERVATIONS AND RECOMMENDATIONS

The Committee noted that the aim of establishing Ghana as an Aviation hub within the sub-region makes it imperative to develop/build airports/airstrips across the country. Government funding of such ventures is indeed limited on reliance on GoG funding. The thrust of the Aviation Industry is Foreign Investor Funding.

In the light of this understanding, the construction of Kumasi Airport Phase II (30% complete) and other expansion works across the aviation landscape is through loans.

### 12.1 Increased Domestic Aircraft Movement

The target set for the Ministry for Increased Domestic Aircraft Movement in 2018 was 13,836 points. The Aviation Ministry was able to make only 6,564 points, representing 53 percent of the targeted points.

The Committee noted a decrease in increased Domestic Aircraft Movement was due to the fact that African World Airline (AWA) was the only company operating since Starbow Airlines exited the market early 2018. The Committee further noted that the operation of the additional airline, Passion Air as the second operator in the domestic aviation industry would promote healthy competition which would beat down airfares and bring in more revenue all things been equal. The presence of two aircrafts for the domestic industry would not only promote business growth and employment but will also protect consumers against unfair high air fares and possible exploitation in some cases.

### 12.2 Airport's Car Park

On the issue of parking space at the Airport premises, the committee bought the idea of the expansion of the parking space. The Committee

urged the Ministry to speed up the construction of modern multi-purpose tower building for car park to facilitate the efficient use of limited funds and space.

### 12.3 Removal of Taxes on Importation of spare parts for Domestic Airline Operators

The Committee noted with displeasure how foreign airlines enjoy tax exemptions while domestic airline operators continue to pay import taxes on spare parts for domestic airline. Taxes on imported parts constitute a major cost component for operators and it has a direct bearing on the cost of airfares. The Committee noted that the removal of the taxes will benefit the airline operators and the airline clientele in terms of airfare reduction. It thus proposed the removal of the importation tax on the spare parts.

### 12.4 The Development of Aviation Masterplan

The Committee also looked at the development and the use of Aviation Master Plan for all aviation projects to ensure continuous implementation of projects. The Committee found the idea useful and proposed to bring on board all the relevant Ministries to promote integration of services like railway, road transport services, as well as safe and convenient car parking at the various airports. The Committee noted that the masterplan will increase patronage in aviation services which would take in more revenue to the Ministry. Additionally, the committee recommended that in order to ensure the continuity and sustainability of the masterplan, the masterplan document should be made available to all stakeholders.

## **12.5 Promote the Development/construction of MRO and Cargo facilities Specific Airports**

The committee observed that the Ministry plans to develop a Maintenance Repair and Overhaul (MRO) facility in the country that would provide aircraft maintenance/ servicing activities in Ghana and for other African countries.

The Committee further observed the construction of the MROs would be on the premises of Tamale Airport, the Airport in Upper East Region, Takoradi International Airport and the Kumasi Airport phase 11 upon their completion.

As the specified airports would be mandated to repair and maintain aircrafts such as jets, helicopters and other commercial flights.

The Committee deemed the proposed development as a very strategic decision

## **12.6 The GoG Budgetary Allocations**

The Committee was informed that the budgetary allocation to the Sector Ministry which is woefully inadequate would be utilised for monitoring and evaluation of projects. The supporting agencies, the Ghana Airport Company Limited (GACL) and Ghana Civil Aviation Authority (GCAA) which are off government subvention, source private funds to expand the frontiers of the Aviation Industry.

## **12.7 Home-Based Carrier**

The Committee was informed that by the 1<sup>st</sup> Quarter of 2019, Ghana would establish a home - based carrier of which Ghanaian participatory involvement with Ethiopian Airline, would be out doored.

The conclusion to this venture, the Committee noted would facilitate the operationalization of a new Home-Based Carrier which would provide the Aviation Industry a pride of place and support our aircraft industry.

#### 12.8 Establishment of an Aviation Training School

The Committee noted the efforts to bridge the professional gap and build capacity of people within the industry. In this stead, the Sector Ministry will collaborate with private sector to develop an Aviation Training School at the Ho Airport.

#### 12.9 Navigational Safety

The Committee was satisfied with arrangements to make our airports and airspace safe. Towards this end, the Committee efforts to enhance navigation and safety of aircraft and related operations with the installations at various airports, critical equipment including High Frequency Radio, construction of Rescue Fire Fighting gadgets and Aeronautical Message handling system.

An independent Aircraft - Accident Investigation Board is also to be set up to ensure high safety standards in line with requirements of the International Civil Aviation Organization (ICAO). This outfit will help strengthen the safety and security operations of the country's airspace and airports.

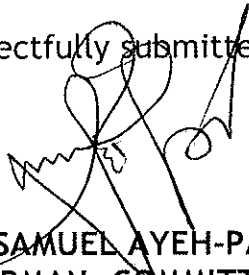
#### 13.0 CONCLUSION

The country is about emerging from the processes of a long drawn out search after a strategic partner to establish home-based carrier. Ethiopia Airways is a potential strategic partner in the drawn out venture.

As we kick-start the drive to make Ghana the Aviation Hub in the sub-region and position the country with the necessary Aviation developmental infrastructure, enhance our status as the preferred destination of choice

for travellers and at the same time open up the country for investment and tourism; the Committee unanimously recommend to the House to adopt the report and approve the sum of **Three Hundred and Eighteen Million, One Hundred and Forty Four Thousand, Three Hundred Ghana Cedis (GH¢318,144,300.00)** for the Ministry of Aviation for the 2019 Financial Year.

Respectfully submitted.



**MR. SAMUEL AYEH-PAYE  
CHAIRMAN, COMMITTEE ON  
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**MR. ASANTE AMOAKO-ATTA  
CLERK, COMMITTEE ON ROADS  
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