

IN THE SECOND SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH REPUBLIC OF GHANA



REPORT OF THE COMMITTEE ON EMPLOYMENT,
SOCIAL WELFARE AND STATE ENTERPRISES ON
THE CONSIDERATION ON THE 2023 ANNUAL
BUDGET ESTIMATES OF THE MINISTRY OF
EMPLOYMENT AND LABOUR RELATIONS



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INTRODUCTION

The Budget Statement and Economic Policy of the Government of Ghana for the 2023 financial year was presented to Parliament on Thursday, 24th November, 2022, by the Hon Minister for Finance, Mr Ken Ofori Atta, pursuant to Article 179 of the 1992 Constitution.

In accordance with Standing Orders 140(4) and 184 of the House, the Rt. Hon. Speaker referred the Annual Budget Estimates of the Ministry of Employment and Labour Relations to the Committee on Employment, Social Welfare and State Enterprises for consideration and report.

The Committee met on Friday, 9th December 2022 and considered the Annual Estimates of the Ministry. Present at the meeting were the Hon Minister for Employment and Labour Relations, Mr Ignatius Baffour Awuah and his Deputy, Mr Bright Wireko-Brobbey, the Chief Director, Heads of Agencies and Officials from the Ministry of Finance.

The Committee is grateful to the Hon Minister and his team for their co-operation and support. The Committee also expresses appreciation to the scheduled officers from the Ministry of Finance for being in attendance to assist the Committee in considering the Estimates.

2.0 REFERENCE DOCUMENTS

The Committee in considering the Estimates, referred to the following documents:

- i. The 1992 Constitution of Ghana
- ii. The Standing Orders of Parliament of Ghana (2000)
- iii. The 2023 Budget Statement and Economic Policy of the Government of Ghana
- iv. The 2023 Programme-Based Budget (PBB) Estimates of the Ministry of Employment and Labour Relations
- v. The 2022 Budget Statement and Economic Policy of the Government of Ghana
- vi. The 2022 Programme-Based Budget (PBB) Estimates of the Ministry of Employment and Labour Relations

- vii. The Report of the Committee on Employment, Social Welfare and State Enterprises on the 2022 Annual Budget Estimate of the Ministry of Employment and Labour Relations
- viii. The Public Financial Management Act, 2016 (Act 921)

3.0 POLICY OBJECTIVES

The policy objectives of the Ministry, as contained in the National Medium-Term Development Policy Framework (NMTDPF), are as follows:

- i. Promote harmonious industrial relations;
- ii. Promote job creation and decent work;
- iii. Improve labour migration governance;
- iv. Establish an effective occupational safety and health management system;
- v. Ensure improved skills development for the industry;
- vi. Prevent and protect children from all forms of violence, abuse, neglect and exploitation;
- vii. Promote decent pensions;
- viii. Improve cooperative development; and
- ix. Rebrand Youth Employment Agency (YEA) as a public service institution.

4.0 CORE FUNCTIONS OF THE MINISTRY

The core functions of the Ministry are to:

- i. Initiate, formulate and coordinate sector policies and programmes as well as schemes to ensure sustainable, accelerated employment generation and human capital development;
- ii. Develop strategies and mechanisms to ensure and promote industrial peace and harmony;
- iii. Develop and periodically review all legal and policy instruments for the Sector;
- iv. Ensure the development and review of labour market information management systems to facilitate the availability of timely, relevant and accurate national employment and labour statistics;
- v. Coordinate all national employment initiatives with the collaboration of relevant stakeholders of the economy;

- vi. Ensure the monitoring and evaluation of sector policies, programmes and projects in relation to enhanced labour productivity;
- vii. Ensure fair and equitable wages and salaries for employees in all sectors of the economy;
- viii. Ensure the provision of employable skills and apprenticeship particularly to the youth, through vocational and technical training at all levels to promote decent and sustainable jobs;
- ix. Ensure occupational safety and health for all workers in both the formal and informal sectors;
- x. Ensure that all workplaces confirm to labour laws through labour inspection; and
- xi. Facilitate the development of vibrant cooperatives and small-scale enterprises for employment generation and poverty reduction.

5.0 DEPARTMENTS AND AGENCIES UNDER THE MINISTRY

The Ministry executes its functions through the following departments and agencies

- i. Ministry Headquarters
- ii. Labour Department
- iii. Fair Wages and Salaries Commission
- iv. Department of Factories Inspectorate
- v. Management Development and Productivity Institute
- vi. Department of Co-operatives
- vii. Ghana Co-operative Council
- viii. Ghana Co-operative College
- ix. Youth Employment Agency

6.0 REVIEW OF 2022 FINANCIAL PERFORMANCE

6.1 Total Approved Budget for 2022

In the year under review, a total amount of Two Hundred and Fifty-Eight Million, One Hundred and Seventy Thousand Ghana Cedis (GH¢258,170,000.00) was approved for the operations of the Ministry, its Departments and Agencies. The breakdown of the allocation of the Ministry for

the year 2022, in terms of cost centres, programmes and sources of funding are provided in Table 1.

Table 1: 2022 Budgetary Allocations by Cost Centres and Sources of Funding

Item	GoG (GHC)	DP (GHC)	Retained IGF	Total
Compensation	73,682,000.00	dalam karindan da umandan serendan periodo e 2009, PR 3 Rajil ad 2004, de 2004, de 2005, de 2005, de 2005, de 2 	28,406,000.00	102,088,000.00
Goods &	3,618,000.00	18,931,000.00	60,643,000.00	83,092,000.00
Services		f		
CAPEX	3,302,000.00	15,689,000.00	55,999,000.00	72,990,000.00
Total	80,602,000.00	34,620,000.00	142,948,000.00	258,170,000.00

Source: 2022 Budget and Economic Policy of the Government of Ghana

The expenditure returns of the Ministry for the year 2022 is provided in Table 2.

Table 2: Expenditure and Releases as at September 2022

Item	Allocation (GhC)	Revised Budget	Amount (GhC)	Expenditure	Outstanding	%
		(30% cut on	Released as at		Allocation	Varian
		G/S & CAPEX)	Sept. 2022		(GhC)	
Compensation	102, 088,000.00	102,088,000.00	74,425,964.00	74,425,964.00	27,662,036.00	27%
Goods and	83,092,000.00	58,164,400.00	38,414,176.00	36,250,420.00	21,913,980.00	38%
Services		d d		i I		
CAPEX	72,990,000.00	51,093,000.00	18,444,143.00	18,153,228.00	32,939,772.00	64%
Total	258,170,000.00	211,345,400.00	131,284,283	128,829,612.00	82,515,788.00	39%

Source: Ministry's presentation

2022 PERFORMANCE AND OUTLOOK FOR 2023 7.0

During the review period, the Ministry operated four programme areas: Management and Administration, Job Creation and Development, Skills Development, and Labour Administration. This section presents the performance for 2022 and the outlook for 2023 as contained in the Government's Budget Statement and Economic Policy.

7.1 Management and Administration Programme

The Ministry of Employment and Labour Relations led the organisation of the maiden National Labour Conference, a broad stakeholders' platform, to deepen dialogue with Social Partners and other key Government Institutions.

In response to the decision of the conference, a Technical Committee was constituted to review the Single Spine Pay Policy; and a draft report including recommendations, was developed, pending validation. The conference represented another level of tripartite engagement for building peaceful labour relations; consequently, labour agitations were reduced.

In 2023, the Ministry would organise the second National Labour Conference to deepen its collaboration with the tripartite partners and all other stakeholders for the maintenance of a peaceful industrial atmosphere in the country.

The Ministry resolved all 12-strike actions in the second half of the year, intensified stakeholder engagements, and engaged the Council of State, the Parliamentary Select Committee on Local Government and Rural Development and 25 Trade Unions towards the promotion of harmonious labour relations in the country.

The Ministry undertook a nationwide survey on the incidence of violence and harassment in the world of work to enrich discussions with stakeholders towards the ratification processes of the ILO Violence and Harassment Convention, 2019 (No. 190). In 2023, the Ministry will secure approval for the ratification of the Convention.

To strengthen labour migration governance, the Ministry drafted Bilateral Labour Agreements (BLAs) between Ghana and Italy, Mauritius, Saudi Arabia, and Kuwait. The BLAs are pending adoption by representatives of various countries and Ghana. The Ministry also developed a standardised template to regulate the export of labour between Ghana and other countries.

7.2 Job Creation and Development Programme

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As of October 2022, the YEA had engaged 80,735 beneficiaries under its various modules. In 2023, the Agency would engage 124,500 beneficiaries. The cooperative institutions of the Ministry facilitated the formation of 1,248 new cooperative societies. The Department inspected 1,357 cooperatives and audited 464 existing cooperative societies.

The Department of Co-operatives and the Ghana Co-operatives Council trained 17,200 farmers and 408 artisans. The Ghana Co-operatives Council organised 300 stakeholder engagements for cooperative leaders and policy makers to support the promotion and development of cooperatives to increase employment.

In 2023, the cooperative institutions would register 1,100 new societies, inspect 900 and audit 750 existing ones. The Ministry would continue strengthening the cooperative institutions to enable them to facilitate the formation of new ones and provide the needed support to existing ones for the growth of vibrant cooperatives, job creation and economic development.

7.3 Skills Development Programme

The Ministry's technical and vocational skills training institutions, the National Vocational Training Institute (NVTI), Opportunities Industrialisation Centres-Ghana (OICG) and the Department of Integrated Community Centres for Employable Skills (DICCES) trained a total of 2,710 persons in various trades. The NVTI tested 34,355 candidates in various trades. The Management Development and Productivity Institute (MDPI) on the other hand, trained 1,031 persons in various productivity enhancement courses to improve skills and productivity levels in the various sectors of the economy.

In 2023, technical and vocational skills training institutions would move to the TVET Service. The MDPI, which would be the only institution to implement the Skills Development Programme, would train 1,000 persons in various management and productivity enhancement skills.

7.4 Labour Administration Programme

The Labour Department conducted 344 workplace and establishment inspections and placed 10,771 persons in gainful employment through the Public Employment Centres (PECs), Private Employment Agencies (PEAs), and Job Fairs.

The Department registered 436 workmen compensation cases and facilitated the payment of compensation to 244 persons. The Department also issued 48 Collective Bargaining Certificates.

7.5 Collective Bargaining Certificates.

In 2023, the Labour Department will conduct 1,000 workplace and establishment inspections and facilitate the placement of 6,500 jobseekers through the PECs, PEAs and Job Fairs.

The Department of Factories Inspectorate (DFI) also registered 520 new factories, shops and offices while inspecting 3,342 workplaces. The Department conducted 12 industrial hygiene surveys and investigated all 17 reported industrial accidents. The DFI will, in 2023, register 520 new factories, inspect 3,500 offices, shops and factories, undertake 140 Health and Safety Talks, and conduct 45 industrial hygiene surveys.

The National Pensions Regulatory Authority enrolled 476,213 persons from the informal sector representing 6.2 per cent of the workforce in the 3rd Tier of the 3-Tier Pension Scheme. The Authority prosecuted all 69 recalcitrant employers who defaulted in honouring their obligation to their employees. The Authority launched the Cocoa Farmers Pension Scheme and commenced pilot registration in August 2022. In 2023, the Authority projects to increase enrolment in the 3rd tier to 15 per cent of the workforce.

7.6 Summary of the Outlook for 2023

- Engage Social Partners to maintain a harmonious labour environment.
- Intensify Labour and Workplace inspections to ensure the protection of Workers.
- Intensify Government efforts towards the elimination of all forms of Child Labour in the country.
- Strengthen labour migration governance;
- Link Pay to Productivity.
- Revamp 16 Public Employment Centers in selected districts;
- Revamp and develop the Co-operatives System in the country.
- Strengthen Occupational Safety and Health Administration.

- Operationalise of the Labour Market Information System.
- Expand employment creation opportunities.
- Implement the green job strategy

8.0 ALLOCATION FOR THE YEAR 2023

To implement its programmes and activities for 2023, a total amount of Seventy-Six Million, Six Hundred and Ninety-Nine Thousand, Three Hundred and Forty-Two Ghana Cedis (GHC76,699,342.00) has been allocated to the Ministry of Employment and Labour Relations, its Departments and Agencies. The breakdown of the allocation in terms of cost centres, programs, and funding sources is provided in Tables 3 and 4 as follows:

Table 3: 2023 Budgetary Allocations

Item	SOURCES OF FUNDING				
	GoG	IGF	DP FUNDS	TOTAL	
Compensation	40,285,685.00	0.00		40,285,685.00	
Goods and Services	2,142,700.00	2,451,455.00	23,133,498.00	27,727,653.00	
Сарех	1,096,240.00	374,766.00	7,214,998.00	8,686,004.00	
Total	43,524,625.00	2,826,221.00	30,348,496.00	76,699,342.00	

Source: 2023 Budget and Economic Policy of the Government of Ghana

Table 4: Allocations to the Ministry by Program

PROGRAM	Compensation	Goods and	CAPEX	Total
:	(GH¢)	Services (GHC)	(GHC)	(GHC)
Management and	5,126,061.00	24,049,111.00	8,311,238.00	37,486,410.00
Administration				
Job Creation and	9,336,917.00	417,657.00	- -	9,754,574.00
Development		:		:
Skills Development	4,488,556.00	1,525,367.00	374,766.00	6,388,690.00
Labour	21,334,151.00	1,735,517.00		23,069,668.00
Administration	-			
Total	40,285,685.00	27,727,652.00	8,686,004.00	76,699,342.00

Source: Ministry's 2022 Presentation

9.0 OBSERVATIONS AND RECOMMENDATION

9.1 ANALYSIS OF 2022 FINANCIAL PERFORMANCE

The Committee noted that a total of Two Hundred and Fifty-Eight Million, One Hundred and Seventy Thousand Cedis (GHC258,170,000.00) was approved for the Ministry for the Financial Year 2022. However, the appropriated amount was revised later in the year to an amount of Two Hundred and Eleven Million, Three Hundred and Forty-Five Thousand, Four Hundred Cedis (GHC211,345,400.00).

The Committee noted that as at the time of reporting, a total amount of One Hundred and Thirty-One Million, Two Hundred and Eighty-Four Thousand, Two Hundred and Eighty-Three Cedis (GHC131,284,283.00) had been released to the Ministry for its operations, leaving a variance of 39% of the Revised Budget allocation to the Ministry.

The Committee also observed that out of the total amount released, the Ministry had expended an amount of One Hundred and Twenty-Eighty Million, Eight Hundred and Twenty-Nine Thousand, Six Hundred and Twelve Cedis (GHC128,829,612).

The Committee noted that while about 63% of the Ministry's compensation budget was released, a significant portion of the Goods and Services (62%) and Capital Expenditure vote (36%) were not released, as shown in Table 2. The non-release of the Goods and Services and CAPEX allocations meant that the Ministry could not undertake its scheduled programmes, activities, and projects in 2022.

As a service-oriented agency, the Ministry relies heavily on its Goods and Services vote to procure the needed logistics for its services. As a result of the non-released of funds in 2022, many of the Ministry's planned programmes and activities were negatively affected.

9.2 Decline in budgetary allocation in 2023

The Committee observed a sharp decline in the total budgetary allocation to the Ministry from GHC258,170,000.00 in 2022 to GHC76,699,342.00 in the 2023 budget. The Committee was informed that the decrease in the Ministry's Budget in 2023 is a result of Government policy to realign all Technical and Vocational Institutions (TVI) under the Ministry of Education to ensure effective regulation, coordination, standardisation, and quality of instruction.

As a result, with the establishment of the Ghana TVET Service in 2022, all the vocational training institutions under the Ministry of Employment and Labour Relations, including the National Vocational Training Institutes, and the Opportunities Industrialisation Centre, had been transferred to the Ministry of Education. The Committee further noted that the budget estimate of the National Pensions Regulatory Authority, which used to be part of the Ministry's estimate, is no longer the case but has been treated as a separate covered entity.

9.3 Decline and Dwindling Sources of Internally Generated Funds (IGF)

The Committee noted a general decline in the mobilisation of internally generated funds (IGF) by the Ministry and its Departments. The Ministry attributed the phenomenon to the dwindling of the traditional sources of revenue in the form of fees charged by the technical and vocational training institutions that were previously under the Ministry. The Committee was informed that the National Vocational Training Institute, which used to generate substantial revenue from its 34 training institutions from enrolment fees, is now under the Ghana TVET Service under the Ministry of Education.

While the Committee admits that these TVET institutions contributed a chunk of the IGF of the Ministry, and their realignment to the Ministry of Education will impact the IGF base, the Committee observed that the Ministry has the potential to create new sources of revenue through the Department of Factories Inspectorate and Labour Department. The Committee advised the Ministry to innovate and position these departments to enable them to generate revenue for the State.

The Minister assured the Committee that with the retooling of the Department of Factories Inspectorate and the Labour Department, the Ministry would build capacity to render services that would generate revenue for the organisation.

Although the Ministry of Finance has granted 33% IGF retention to the Departments of Labour, Factories Inspectorate and Cooperatives for 2023, the Ministry further appealed to the Committee to recommend to the House for permission to retain a substantial amount of the revenue to enable the Ministry to provide the required infrastructure needed to drive revenue generation. The Committee urges the Ministry of Employment and Labour Relations to devise other innovative ways of generating revenue from its services in the future.

9.4 Base Pay and Pay-point relativity negotiation for 2023

The Committee observed that although the Ministry projected to complete 2023 Base Pay negotiations on 30th April 2022, the negotiations on the Base Pay and Pay-Point relativity are still ongoing.

The Committee was informed that the negotiations on the 2023 Base Pay between the Fair Wages and Salaries Commission (FWSC) and the Public Service Workers (Labour Unions and Associations) had not yielded any agreement. While the Government represented by FWSC proposed an 18% Base Pay increment, the Labour Unions and Associations had submitted a counter-proposal of a 58 per cent increment to commensurate with the high cost of living in the country.

The Committee bemoaned the late start of the negotiations and implored the Ministry and the Labour Unions to look at the high cost of living and the current economic crisis facing the country to arrive at a rate acceptable to all the parties.

The Ministry assured the Committee that it would employ all the tools available to ensure that the negotiations yield the expected result.

9.6 BUDGETARY ALLOCATION FOR YOUTH EMPLOYMENT AGENCY (YEA)

9.6.1 2022 Performance of the Agency

The Youth Employment Agency was allocated an amount of GHC904,913,316.00 to implement its programmes and activities for the 2022 financial year. The Agency's Budget, as provided under the Youth Employment Agency Act, 2015 (Act 887), was funded by Communication Service Tax - 80%, Ghana Education Trust Fund (GETFund) - 5%, and the District Assemblies Common Fund (DACF) - 10%. These funds are required to be made available to YEA to execute its programmes.

However, the Committee observed that the Agency's Budget underperformed. During the year under review, the Agency only received a sum of GHC297,711,970.00 of its total budgetary allocation for 2022, representing 33% of the entire allocation, leaving a balance of GHC607,201,346.00.

The Committee noted that all the funding sources of the Agency underperformed, as shown in Table 5.

Table 5: 2022 Financial Performance of YEA

FUNDING SOURCE	APPROVED AS A'	UAL RECEIVEDPERC ΓOCTOBER RECE	VAR IVED	IANCE
Communication Service				
Tax (67.6%)	440,576,117	182,607,601	41%	257,968,516
DACF (10%)				
INDICATIVE	334,297,085	21,500,113	6%	312,796,972
GETFUND (5%)				
INDICATIVE	130,040,114	8,000,000	6%	122,040,114
Others		85,604,256		-85,604,256

Source: 2022 YEA's Presentation

The Committee observed that apart from the Communication Service Tax, which had released an amount of GHC182,607,601.00 representing 41% of the allocation, the District Assembly Common Fund (DACF) and the Ghana Education Trust Fund (GETFund) had only released six per cent of their portion of the allocation as of September 2022.

The Committee found the situation very worrying and expressed concern about the failure of the DACF and GETFund to comply fully with the law requiring them to transfer 10% and 5%, respectively, of their funds to YEA.

The Committee was also informed that the 80% Communication Service Tax (CST), which constitutes the highest component of the YEA sources of funding, had been consistently capped. In 2022, YEA's share of the CST was capped at 68%.

The Committee observed that the capping of YEA funds and the non-releases of funds from CST, DACF and GETFund, deprived the YEA of the needed resources to implement its programmes and activities. For instance, the Agency projected to enroll 10,000 youth in the Community Improvement Programme in 2022 but managed to register only 7,735 due to funding challenges. Similarly, YEA planned to enroll 10,000 youth in the Youth in Entrepreneurship Module but enrolled only 5000. The Committee further noted other modules, including Trades and Vocation (8,000 beneficiaries), Regional and District flagship programme (20,000 beneficiaries) and the YEA Internship/Business Support (15,000 beneficiaries), were not undertaken as a result of the non-release of funds.

9.6.2 Indebtedness to programme beneficiaries and service providers

The Committee noted that as a result of the non-release of the statutory allocations (CST, DACF and GETFund), the YEA is heavily indebted to programme beneficiaries and services providers who have worked or rendered services to the Agency.

The Committee considers the YEA as an important vehicle for providing jobs for the youth. Therefore, the Government needs to provide the Agency with the resources needed to effectively pursue this mandate.

The Committee strongly urges the DACF, the GETFund and the Ministry of Finance to ensure that funds earmarked for YEA are transferred in full and on time for the implementation of the Agency's programmes and activities.

9.6.3 2023 Allocations to the Agency

For the 2023 financial year a total budgetary amount of Eight Hundred and Ninety-Four Million, Two Hundred and Eighty-Two Thousand, Two Hundred and Sixty-Nine Ghana Cedis (GHC894,282,269.00) was allocated to the Agency with the following projected sources of funding as shown in Table 6:

Table 6: Sources of Funds

Funding Source	2023 Projections
Communication Service Tax (44%)	345,400,639.00
DACF (10%) INDICATIVE	455,403,466.00
GETFUND (5%) INDICATIVE	93,478,164.00
Total	894,282,269.00

Source: 2022 YEA's Presentation

The breakdown of the allocation in terms of Compensation, Goods and Services and Capex is provided in Table 7.

Table 7: Cost Centers Allocation

GOODS & SERVICES

770,670,269

CAPEX

46,912,000

TOTAL

894,282,269

12.0 CONCLUSION

The Ministry of Employment and Labour Relations' mandate of coordinating labour-related policies, promoting job creation and decent working environment, and fostering industrial peace can only be achieved if the Ministry is given the needed resources to undertake its functions effectively and efficiently.

In view of the above, the Committee recommends that the House adopts its report and approve the sum of Seventy-Six Million, Six Hundred and Ninety-Nine Thousand, Three Hundred and Forty-Two Ghana Cedis (GHC76,699,342.00) to enable the Ministry of Employment and Labour Relations to implement its programmes and activities for the 2023 financial year.

Respectfully submitted

HON. PHILIP BASOAH

CHAIRMAN, COMMITTEE ON

EMPLOYMENT, SOCIAL WELFARE

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INUSAH MOHAMMED

CLERK, COMMITTEE ON

EMPLOYMENT, SOCIAL WELFARE

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