

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

REPORT OF THE FINANCE COMMITTEE ON THE
PROVISIONAL ESTIMATES (VOTE ON ACCOUNT)
FOR 2003 FINANCIAL YEAR

1.0 INTRODUCTION

The Provisional Estimates for 2003 was laid in the House on Tuesday 17th December 2002 pursuant to Article 180 of the Constitution and referred to the Finance Committee for consideration and report in accordance with Order No.169 of the Standing Orders.

The Committee met with Hon. Mrs. Grace Coleman, Deputy Minister of Finance, Dr. A. G. Agambilla, Deputy Minister of Finance and officials of the Ministry to consider the estimates and reports as follows:

2.0 BACKGROUND

The House will recall that it takes about 3 months (January-March) to consider the Annual Estimates of Ministries, Departments and Agencies (MDAs) and to pass the Appropriation Act. Therefore pursuant to Article 180 of the Constitution, the Minister of Finance, acting on the authority of the President, in the month of December, before the end of the year, requests the House to approve, by Resolution, the withdrawal of monies from the

Consolidated Fund for the purposes of meeting Government expenditure in respect of the first three months of the Financial year.

3.0 THE PROVISIONAL ESTIMATES

The total amount of **¢4,562,593.00 MILLION** is the provisional estimate for the 1st Quarter of 2003 financial year.

The breakdown is as follows:

<u>EXPENDITURE</u>	<u>MILLIONS</u>
Total Items 1-4	¢2,005,643.00
Transfers to Household	253,850.00
Pensions	84,625.00
Gratuities	26,225.00
Social Security	130,500.00
Payment of Utility Arrears	12,500.00
HIPC Financed Expenditure	223,500.00
Interest Payments	980,250.00
Domestic	739,250.00
External	241,000.00

Amortization	695,750.00
Road Fund	137,325.00
District Assemblies Common Fund	112,900.00
Education Trust Fund	75,588.75
Arrears Clearance	33,000.00
GRAND TOTAL	4,562,593.00

4.0 OBSERVATIONS AND RECOMMENDATIONS

4.1 The Minister of Finance made available to the satisfaction of the Committee estimates of the previous year for purposes of comparison as recommended by the Committee in its report last year.

4.2 The Committee took note of the assurance by the Ministry of Finance that the Controller and Accountant-General will ensure that all Ministries, Departments and Agencies operate strictly within the levels set in the Provisional Estimates and that funds should not be vied from the Personnel Emoluments to cover expenditure under Items 2-4.

4.3 The Committee was informed by the team from the Ministry of Finance that the figure presented in the Vote on Account represented between 20%-25% of the total budgetary figure for the financial year 2003.

4.4 Members expressed concern about the non-provision of Votes for statutory payments like the road arrears, arrears on Common Fund and arrears on GETFund. Members indicated that a contingent provision should have been made for at least the road arrears, which is known, to the Ministry.

The Deputy Minister of Finance, Hon. Mrs. Grace Coleman explained that the arrears will be paid but the Ministry has decided to re-fence and distribute the arrears over a period of time so that it does not affect the cash flow of the current year. She said that the Ministry couldn't continue to use current inflows to pay off all the arrears. The Committee however said that all efforts should be made by the Ministry of Finance to settle all outstanding statutory arrears.

4.5 Some Members wanted to know how the projected HIPC receipts were arrived at and were informed that it was an estimated 20% of the projected figure for the financial year.

4.6 The Committee took note of the Minister's directive that the Votes provided in the Provisional Estimates of 2003 shall not be used by MDAs to settle indebtedness carried

over from the 2002 fiscal year except the HIPC Financed Expenditures. Fresh approvals must therefore be obtained from the Ministry of Finance before such spillovers are settled.

4.7 The Committee also noted that MDAs are required to submit returns of actual expenditure on quarterly basis to the Ministry of Finance and the appropriate Committees of Parliament not later than fifteen (15) working days after the end of each quarter of account.

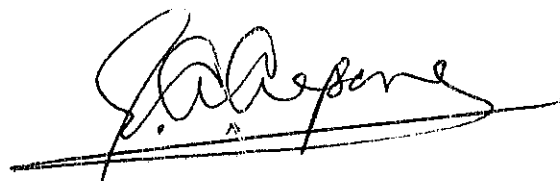
The Committee was not happy that most MDAs did not comply with the above directive even though Parliament has been reminding all MDAs to adhere to these directives. This directive is meant to enable Parliamentary Committees to monitor the financial performances of the MDAs. The Committee therefore enjoins all MDAs to strictly comply with the directive during the 2003 financial year.

4.8 On the ability of Government to raise enough money to support the Vote on Account for the first quarter which this Honourable House is being called upon to approve, the Director of Budget presented to the Committee two documents, one indicating the total Projected Revenue for the year 2003 which is attached to the report as **Annex (I)** and the other An Explanatory Note indicating the various Provisional Expenditure Estimates for the first quarter of 2003 which is also attached to the report as **Annex II**.

5.0 CONCLUSION

The Committee recommends that the House adopts the report and approve by Resolution the sum of **¢4,562,593.00 Million as Provisional Estimates for 2003** for the purposes of meeting expenditure necessary to carry out the services of the Government prior to the coming into operation of the Appropriation Act in respect of the 2003 financial year in accordance with Article 180 of the Constitution.

Respectfully submitted.



**HON. EUGENE ATTA AGYEPONG
CHAIRMAN**



**ALHAJI IBRAHIM GOMBILLA
CLERK**

19TH DECEMBER 2002

ATTN: **ANNEX (I)**
FINANCE COMMITTEE

Ghana: Medium Term Expenditure Framework - 2003
Provisional Total Receipts (In billion cedis)

	12/18/02	Orig. Prov. Est. 2002	Indicative 2003
Total Receipts		16,359.6	19,780.4
Total revenue & grants		10,767.7	14,093.4
Total revenue		8,785.6	11,309.4
Tax revenue		8,336.5	10,471.4
Direct taxes		2,520.0	2,786.0
Personal		819.5	965.5 ✓
Self employed		163.4	168.4 ✓
Companies		1,086.1	1,374.9 ✓
Other direct taxes		451.0	277.2 ✓
Indirect taxes		3,661.0	4,565.0
Value Added Tax		2,207.7	2,698.0
Domestic		716.1	864.0
Imports		1,491.6	1,834.0
Petroleum		1,118.7	1,427.0
Excise		334.6	440.0
International trade taxes		1,700.7	2,291.0
Import duties		1,313.1	1,692.0
Export duty		387.6	599.0
Other Revenue Measures		454.8	829.4
Non-tax revenue		449.1	838.0
Deposits			
Grants		1,982.2	2,784.0
Project		922.8	1,020.0
Programme		588.3	1,043.0
HIPC Assistance		471.0	721.0 *
Other receipts		5,591.8	5,687.0
Divestiture receipts		386.9	523.0
Project loans		1,999.4	2,209.0
Programme loans		724.8	955.0
Exceptional financing		2,223.8	2,120.0 *
External arrears		0.0	0.0
Clearance		0.0	0.0
Current (accumulation)		0.0	0.0
Traditional debt rescheduling		1,165.8	1,549.0
HIPC Relief (Cologne terms)		265.6	397.0
Financing gap		792.4	174.0
Domestic (net)		139.0	-282.0
Banking		139.0	-282.0
Non- bank		0.0	0.0
o/w Reduction due to HIPC-financed debt reduction		147.0	223.6
Savings due to inflation-indexed bonds		118.0	162.0

TOTAL HIPC RELIEF - 2003 - 721

2120

2841

ANNEX (II)

PROVISIONAL ESTIMATES JANUARY - MARCH, 2003

EXPLANATORY NOTES

		(In Billions (edis))
P. E.	(25%)	1,191.77
Adm/Ser	(20%)	243.20
Investment	(20%)	<u>63.10</u>
Sub-total	_____	1,498.07
Donor		<u>507.55</u>
		2,005.62
Transfers to Household	(25%)	253.850
Amortisation	(25%)	695.75
Road Fund	(25%)	137.235
District Assemblies Common Fund	(25%)	112.900
Education Trust Fund	(25%)	120.375
Non-Road arrears clearance	(25%)	33.0