

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

**REPORT OF THE FINANCE COMMITTEE ON THE**  
**2008 ANNUAL ESTIMATES OF GOVERNMENT**  
**FINANCIAL OBLIGATIONS**

**1.0 INTRODUCTION**

The Expenditure Estimates of Government Financial Obligations for the 2008 financial year was laid in the House on 15<sup>th</sup> November 2007 and referred to the Finance Committee for consideration and report in accordance with Article 181 of the Constitution and the Standing Orders of the House. This followed the presentation of the 2008 Budget Statement and Financial Policy of the Government by the Minister for Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu.

The Committee met with the Minister of State at the Ministry of Finance and Economic Planning, Hon. Dr. A. Akoto Osei and a technical team from the Ministry of Finance and Economic Planning and reports as follows:

**2.0 2008 ESTIMATES**

The total amount of **GH¢1,846,310,737** has been allocated to meet the under listed *Government Financial Obligations* also referred to as *statutory payments* for the 2008 financial year.

<b>External Debt Service</b>		<b>GH¢293,186,311</b>
Principal	GH¢179,019,001	
Interest	GH¢114,167,310	
<b>Domestic Interest</b>		<b>GH¢352,294,466</b>
<b>District Assemblies' Common Fund</b>		<b>GH¢234,290,700</b>
<b>Transfers to Households</b>		<b>GH¢318,036,806</b>
Pensions	GH¢127,371,296	
Gratuities	GH¢58,000,000	
Social Security (SSNIT)	GH¢132,665,510	
<b>National Health Fund (NHF)</b>		<b>GH¢255,429,513</b>
<b>Education Trust Fund</b>		<b>GH¢163,025,513</b>
<b>Road Fund</b>		<b>GH¢129,159,467</b>
<b>Petroleum-related Fund</b>		<b>GH¢3,502,236</b>
<b>Contingency</b>		<b>GH¢17,385,725</b>
<b>TOTAL</b>		<b>GH¢1,846,310,737</b>

### **3.0 OBSERVATIONS AND RECOMMENDATIONS**

The Committee observed that the assumptions for 2008 on **Principal on External Debt** are projected as total debt repayments due as in Aid and Debt Management Division (ADMD) database plus 25% of Government guaranteed loans, and converted at an assumed average exchange rate

**Interest on External Debt** is projected as total interest due as in ADMD database. It assumes interest on all GoG loans plus 25% of government-guaranteed loans and converted at an assumed path for exchange rate.

The Committee also observed that **Domestic Interest** is derived from the Bank of Ghana database on the interest on the existing stock of all domestic debt, including interest on TOR debt taken over by Government, and all revaluation stocks.

**District Assemblies Common Fund (DACF)** is calculated as 7.5% of total tax revenue less all tax refunds and exemptions.

**Pensions and Gratuities** are projected as calculated by the Controller and Accountant General's Department (CAGD) whilst **Social Security (SSNIT)** projections are based on outturn for 2007 adjusted for growth in wages and salaries.

The Committee noted that payments to the **National Health Fund (NHF)** will be 2.5% of projected levy on goods and services (with VAT as the base) as stipulated in the NHIS law, plus 2.5% of estimated contributions to SSNIT.

**Ghana Education Trust Fund (GETFund)** is calculated as 20% of VAT receipts less VAT refunds and exemptions.

Projections for the Road Fund are based on calculations from the Ministry of Energy, on assumption of a levy of 6 pesewas per litre, based on demand volumes.

**Petroleum-related Fund** comprises Energy Fund Levy, Exploration Levy and Stock Levy. The Committee was informed that this is formula/rate-linked, based on demand volume computations from the Ministry of Energy.


### **Contingency**


The Committee noted that a contingency provision of **GH¢117,385,725** has been made to cater for possible obligations that the Government may encounter in the course of the 2008 financial year such as increases in public sector salaries, etc. This provision will also help the government to readily deal with any unanticipated emergencies that might crop up in the course of the year 2008 and for which no specific allocation is made in the budget.

## **4.0 CONCLUSION**

The Committee has carefully examined the estimates of Government's Financial Obligations and respectfully recommends to the House to adopt this report and approve the sum of **GH¢1,846,310,737** for Statutory Payments and other Government Financial Obligations for the 2008 Financial Year.

Respectfully submitted.

  
**HON. NII ADU DAKU MANTE**  
**CHAIRMAN**

  
**LOUIS YIADOM BOAKYE**  
**FOR CLERK, FINANCE COMMITTEE**

**5<sup>TH</sup> DECEMBER, 2007.**