

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

**REPORT OF THE COMMITTEE ON TRADE, INDUSTRY & TOURISM ON THE 2011 ANNUAL
BUDGET ESTIMATES OF THE MINISTRY OF TOURISM**

1. **INTRODUCTION**

In accordance with article 179 of the 1992 Constitution of Ghana, the Minister of Finance Dr. Kwabena Duffuor on Thursday, 18th November 2010 presented to the House, the Budget Statement and Economic Policy of the Government of Ghana for the 2011 financial year.

Pursuant to Standing Orders 140(4) and 159 of the House, Madam Speaker referred the Annual Estimates for the year 2011 of the Ministry of Tourism to the Committee on Trade, Industry & Tourism for consideration and report.

In considering the Annual Estimates, the Committee met with the Hon. Minister of Tourism, Hon. Sabah Zitah Okaikoi, the Deputy Minister Hon. Kwabena Akyeampong and the technical team from the Ministry. The Committee reports as follows:

2. **REFERENCE DOCUMENTS**

The Committee in its deliberations referred to the following:-

1. The 1992 Constitution of the Republic of Ghana.
2. The Standing Orders of the House.
3. The 2011 Budget Statement and Economic Policy

3. **MISSION STATEMENT OF THE MINISTRY**

The Ministry exists to create a conducive and favourable environment for sustainable growth and development that would ensure:-

- that the tourism sector achieves a greater contribution to GDP growth through effective and efficient use of appropriate policies, corporate planning, programmes, projects, as well as public-private partnership, and
- a sustainable relationship with the Diaspora for resource mobilization and investment.

4. IMPLEMENTING AGENCIES

The main implementing agencies of the Ministry are the Ghana Tourist Board (GTB) and the Hotel and Catering Training Institute (HOTCATT).

5. PERFORMANCE FOR 2010

5.1 Tourism Investment Document

In 2010, the Ministry planned to produce 10 Tourism Investment Profiles for identified tourist sites in the 10 regions of the country. Six investment profiles have been completed whilst 4 profiles are at their drafting stages.

These profiles are aimed at promoting programmes and activities which was targeted at increasing tourist arrivals and receipts.

It is also to facilitate the promotion and mobilization of private investment in the various sub-sectors of the tourism industry and to improve Ghana's destination competitiveness for the international business and vacation markets.

5.2 Development and Promotion of Ghana as a Diverse Tourist Destination

The Ministry continued to market Ghana as a diverse tourist destination both on the local and international markets through its participation at fairs and events.

In 2010, the Ministry participated in ten international tourism events. It also collaborated with G. I. P. C. and the private sector to organize an international tourist investment forum at the AICC to promote investment in the tourism sector.

5.3 Completion of Receptive Centers

The Committee was informed that 3 receptive Centers at Adasewase, Akwamufie and Agogo are 95% complete. The construction of a center at Saltpong is at lintel level with the centers at Salaga, Gwollu and Wli to be completed in 2011.

The Ministry has commenced the construction of two receptive centers at Kpetoe and Axim.

These receptive Centres are facilities used to provide tourists with the needed information, catering services, place of convenience, among others.

5.4 Website upgrading

The Ministry upgraded and maintained its website to ensure that tourists continue to have access to the required and needed information. An additional website – www.ghana.travel has also been opened.

6.0 BUDGETARY ALLOCATION FOR 2011

The Committee was informed that the Ministry has been allocated a sum of **GH¢17,225,166** for the implementation of its programmes and policies in the 2011 fiscal year.

This is as follows:

GoG	-	GH¢7,145,700
IGF	-	GH¢9,650,837
Donor	-	GH¢ 428,629
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Total	-	GH¢17,225,166

Details of the allocations are follows:

	P. E.	Admin	Service	Investment	TOTAL
Ministry's Headquarters	376,584	241,000	1,673,726	1,152,454	3,443,764
Ghana Tourist Board	1,052,499	9,990,605	2,074,935	201,153	13,319,192
HOTCATT	68,071	30,000	17,250	346,889	462,210
TOTAL					17,225,166

6.1 COMPARISM BETWEEN 2011 AND 2010

The table below shows the comparism between budgetary allocations for 2011 and 2010.

	2011	2010	Variance	%Δ
P. E.	1,497,154	1,453,555	43,599	3.0
ADMIN	800,000	503,125	296,875	59.0
SERVICE	3,242,666	4,250,000	(1,007,334)	-23.7
INVESTMENT	1,605,880	1,211,760	394,120	32.5
SUB TOTAL	7,145,700	7,418,440		
IGF	9,650,837	338,649	9,312,188	2749.8
DONOR	428,629	-	428,629	
GRAND TOTAL	17,225,166	7,757,089	9,468,077	

7. OUT LOOK OF THE MINISTRY FOR 2011

7.1 Marketing Programmes

The Ministry would participate in 8 international and 6 local fairs and exhibitions to showcase Ghana's tourist products for patronage

The Ministry will also organize 4 major events namely the National Chocolate day celebration to boost consumption of chocolate and sustain employment for cocoa farmers, the Okwahu Paragliding Festival at Atibie, Kwahu, Emancipation Day celebration/ PANAFEST and the World Tourism Day to boost tourism in the country.

The Ministry would also undertake a tourism branding program themed 'Ghana: Star of Africa' to market Ghana as the preferred tourism destination. It would also advertise in the international media including Airlines in flight magazines.

7.2 Product Development

The Ministry would organize orientation programs for the district Tourism Cadets to improve packaging of tourism products in the districts. It would also organize national sensitization programs on the implementation of the National Tourism Bill.

During the year, the Ministry will complete the establishment of the Accra Visitors Information Center and make it operational. It would also organize the Ghanaian Cuisine Program aimed at generating interest and add value to our local food.

The Ministry intends to train the private sector operators on a Code of Ethics on Tourism and also Ghana's Tourism in local languages. The Ministry would also create a nationwide awareness and facilitate the packaging of creative products to enhance demand for tourism and related products such as souvenirs, paraphernalia, etc.

7.3 Domestic Tourism

The Ministry would organize consultative meetings with relevant stakeholders to develop a framework for schools exchange program to promote domestic tourism.

Furthermore, the Ministry would organize familiarization tour to tourist sites for policy and decision-makers country wide for them to have a firsthand account at these sites and help in policy making.

In 2011, the Ministry would facilitate the organization of some mega events such as family fun day, 'ASABAANKO" Music Festival to be held on 6th March, 2011 and organize the Africa Sing Aloud Choral Concert.

8. OBSERVATIONS

8.1 Reduction in Budgetary Allocation

The Hon. Minister opined to the Committee that for the year 2010, some of the major challenges that the Ministry faced included:-

- Inadequate budgetary provisions which adversely affect scheduled programs and activities relating to the development and promotion of tourism in and outside the country
- Late release of funds which made it impossible to effectively implement the Ministry's programs.

On the budget for 2011, the Minister indicated that the Ministry submitted a budget amounting to **GH¢25,036,114**. Unfortunately only **GH¢ 17,225,166** was approved. Below are the details of the Budget:

ITEM	PLANNED BUDGET (GH¢)	APPROVED BUDGET(GH¢)	VARIANCE (GH¢)
P. E.	4,060,664.03	1,497,154.00	(2,563,510.03)
ADMINISTRATION	1,646,400.00	800,000.00	(846,400.00)
SERVICE	12,496,000.00	3,242,666.00	(9,253,334.00)
INVESTMENT	6,833,050.00	1,605,880.00	(5,227,170.00)
GOG TOTAL	25,036,114.03	7,145,700.00	(17,890,414.03)
IGF	376,900.00	9,650,837.00	9,273,937.00
Donor	-	428,629.00	428,629.00
OVERALL TOTAL	25,413,014.03	17,225,166.00	(8,187,848.03)

It was indicated to the Committee that the reduction in Service and Investment would greatly affect the Ministry's activities lined up for 2011. The Ministry also intended to undertake a number of activities aimed at enhancing the tourism industry in the country. The reduction in the Budgetary Allocation has therefore necessitated a re-prioritization of the Ministry's program of activities.

As a result of the reprioritization, programs such as marketing Ghana on the International media like CNN, National Geographic Channel among others will

have to be shelved. Furthermore, the opening of a market office in London has also been suspended.

8.2 Internally Generated Fund

On the substantial increase in the budgetary figure of **GH¢ 9,650,837** for IGF, the Minister indicated that the figure was largely based on potential revenues to be derived if the National Tourism Bill is to be passed before the House rises this year.

On whether the Ministry could raise such an amount, the Committee was informed that the Ministry would be critically challenged to raise the amount and that it would require additional support to enable it undertake its programmes.

8.3 L. I. 1817

The Minister noted that tourism is currently the 4th highest foreign exchange earner for the country. It is also a major avenue for employment creation and income distribution. It is the goal of the Ministry to make tourism the leading foreign exchange earner in the non-oil economy.

One of the key attractions to the industry is the Tourism Incentive Package as captured in L. I. 1817. These provide concessions for investors in the tourism industry.

Unfortunately, the 2011 budget seeks to abolish this concession. The effect is that many investors may not be interested in coming to Ghana to invest in the industry.

The Minister informed the Committee that in 2010, the industry provided as many as 260,000 jobs and the figure is expected to grow in 2011. The industry being the fourth highest earner also contributed substantially to the overall GDP. It is the considered view of the Ministry that if the L. I. is abolished, then there would not be any incentive for investors to enter the industry and this will adversely affect the industry both in terms of revenue and also employment.

9.0 RECOMMENDATIONS

9.1 Internally Generated Fund (IGF)

The Committee noted that the Ministry is expected to raise a total of **GH¢ 9,650,837** as IGF to augment its revenue for the year 2011. It is evident that the Ministry would not be in the position to generate such an amount. There is the urgent need to get the bill passed before the House goes on recess to augment the IGF.

In the light of this, the Committee recommends to the House to urge the Minister for Finance to make a commitment to the House that a supplementary allocation would be made available to the Ministry.

This is to ensure that the Ministry is provided the requisite funding to undertake its program of activities for the 2011 fiscal year.

9.2 L. I. 1817

The Committee noted that L. I. 1817 plays a key role in attracting investors into the country.

The Committee is aware that it is the intention of Government to review its tax exemption policies to ensure that abuses in the implementation of exemptions are checked with the view of plugging revenue leakages.

Care must however be taken to ensure that concessions that benefit the country tremendously are not withdrawn.

The Committee is of the view that this concession has contributed significantly to the industry and if it is abolished, it may have negative consequences on the industry and the country as a whole.

Given its positive impact on the economy, the Committee recommends to the House to hold on to passage of the L. I. to enable wider consultations on this matter.

10.0 CONCLUSION

After critically considering the Annual Budget Estimates of the Ministry of Tourism, the Committee recommends to the House to adopt this report and approve the sum of **Seventeen Million, two hundred twenty five thousand, one hundred and sixty six Ghana Cedis (GH¢17,225,166)** for the activities of the Ministry of Tourism for the 2011 fiscal year with its recommendations.

The Committee further reiterates that the abolition of L. I. 1817 should be suspended to allow for further discussions with the view of restructuring it to address the concerns of government.

Respectfully submitted,



**HON. AMADU B. SOROGHO (ALHAJI)
CHAIRMAN**



**MR. ASANTE AMOAKO ATTA
CLERK TO THE COMMITTEE**

14th December 2010