



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

**REPORT OF THE SELECT COMMITTEE  
ON ROADS & TRANSPORT**

*ON THE*

**2007 ANNUAL BUDGET ESTIMATES OF THE  
MINISTRY OF AVIATION**

*DECEMBER 2007*

## **1.0 INTRODUCTION**

- 1.1 The Minister of Finance and Economic Planning, Hon. Kwadwo Baah-Wiredu on Thursday, 16<sup>th</sup> November 2006 presented to the House, the Budget Statement and Economic Policy of the Government of Ghana for the 2007 financial year in accordance with Article 179(1) of the 1992 Constitution of the Republic of Ghana.

In furtherance of Orders 140(4) and 189 of the Standing Orders of Parliament, the Annual Budget Estimates of the Ministry of Aviation was referred to the Committee on Roads and Transport for consideration and report.

- 1.2 In considering the referral, the Committee benefited from further clarifications from the Sector Minister, Ms. Gloria Akuffo and officials of the Ministry of Aviation, Ghana International Airlines Limited (GIAL), Ghana Civil Aviation Authority (GCAA) and the Ministry of Finance and Economic Planning (MOFEP).

The Committee is grateful to the Hon. Minister and all officials present at the Committee's Sitting for their cooperation.

## **2.0 REFERENCE DOCUMENTS**

The Committee referred to the following documents in its deliberations:

- a) The 1992 Constitution of the Republic of Ghana.

- b) The Standing Orders of Parliament.
- c) The Budget Statement and Economic Policy of the Government of Ghana for the 2007 financial year.
- d) 2007 Budget Presentation by the Minister for Aviation.

### **3.0 THE MINISTRY AND ITS AGENCIES**

As part of the efforts by the government to promote tourism in Ghana by linking up aviation with other modes of transport, the Ministry of Aviation was established in June 2006 to handle the institutional restructuring and expansion of infrastructure and services of the aviation sector.

To assist the Ministry achieve this aim are the following two (2) non-subvented agencies which fall under the purview of the Ministry of Aviation:

- a) Ghana Civil Aviation Authority.
- b) Ghana International Airlines Limited.

### **4.0 MISSION STATEMENT OF THE MINISTRY**

The Ministry of Aviation was created to promote a competitive, efficient and cost effective aviation sector. It also ensures safety and security standards as well as orderly growth of air transport to support social and economic development whilst minimizing the impact of air transport operations on the environment through:



- a. the formulation and implementation of policies that are responsive to the changing needs of the nation.
- b. promoting private sector participation.
- c. developing, implementing, monitoring and regulating standards.
- d. carrying out strategic investment to establish safe, reliable, efficient and affordable services for all users.

## **5.0 OBJECTIVES OF THE MINISTRY**

The Ministry of Aviation has set for itself, the following objectives towards the achievement of its Mission:

- i. to liberalize the legal and regulatory framework of the Aviation Sector.
- ii. to restructure the civil aviation institutions.
- iii. to develop and strengthen the institutional capacities in Human Resource Management, infrastructure (plant & equipment), policies and legislation for effective service delivery.
- iv. to ensure high safety security and environmental standards.
- v. to ensure the provision, expansion and maintenance of air transport of all kinds.

## **6.0 PERFORMANCE REVIEW OF YEAR 2006**

In reviewing the performance of the Ministry of Aviation for the year 2006, the Committee noted the following:

### **a. Bilateral Air Services Agreement**

For the year under review, the Ministry of Aviation was instrumental in the review of three (3) Bilateral Air Service Agreements with the United Kingdom, Kenya and Qatar. The resultant effects of these Bilateral Agreements are the increase in air traffic by British carriers and Kenya Airways. However, Qatar Airways is yet to start its operations to Accra.

### **b. National Transport Policy**

The Ministry of Aviation participated in preparing a National Transport Policy that is aimed at integrating all modes of transport to complement each other.

### **c. Infrastructural Development**

#### **i. Phase II Rehabilitation Project**

To give the Kotoka International Airport (KIA) a new facelift, the Ministry of Aviation through the GCAA continued with additional works on the main terminal building as part of Phase II Rehabilitation Project of KIA which was substantially completed in December 2005.

Works undertaken include the provision of:

- a. Flight Information Display Systems
- b. Baggage Information Display Units
- c. Closed Circuit Television (CCTV)
- d. Public Address System
- e. Common User Terminal Equipment (CUTE)

To improve navigation, communication and surveillance in the Accra Flight Information (FIR), Very Small Aperture Terminals (VSAT) were also installed.

ii. Master Plan Studies

The Ministry of Aviation was also instrumental in initiating Master Plan Studies for Kotoka and Kumasi Airports. The Kumasi Master Plan Study is aimed at establishing a new international airport at Kumasi whilst that of Kotoka is geared towards the establishment of support facilities such as cold storage, courier services, among others.

d. **Institutional Restructuring**

With regard to institutional restructuring, the Ministry of Aviation constituted a Decoupling Implementation Committee (DIC) to decouple airport functions from the existing GCAA in accordance with provisions in the Civil Aviation Act (Act 678). The decoupling exercise will give rise to an Airport Company which

will be responsible for the planning, development management and maintenance of all airports in the country whilst GCAA will be responsible for safety regulations and air navigation services. All things being equal, both entities will take off administratively by 1<sup>st</sup> January 2007.

e. **Air Transport Operations**

Ground Handling Operations

To encourage private sector participation in ground handling activities at KIA, the government through the Ministry of Aviation has licensed a second operator, Aviation Handling Services, to undertake terminal and ramp handling services. It is expected that the presence of this second operator will engender competition in this area of service delivery.

## **7.0 OUTLOOK FOR YEAR 2007**

For the year 2007, the Ministry of Aviation intends to undertake the following activities:

- i. to continue with the review of its bilateral agreements with African countries in line with the Yamoussoukro Decision which aims at liberalizing air traffic services in Africa.
- ii. to develop an aviation policy framework and a strategic plan to guide the direction of the aviation sector.



- iii. to rehabilitate the Kumasi and Tamale airports for the CAN 2008 games.
- iv. to continue encouraging the private sector to invest and manage aviation activities especially the promotion of ultra-light operations.
- v. to provide training to existing and newly recruited staff on aviation matters.
- vi. to continue with infrastructural developments under the Phase II rehabilitation works at KIA.

## 6.0 2007 BUDGET ESTIMATES

8.1 To execute its programmes for the year 2007, an amount of ***Fifteen Billion, Five Hundred and Nine Million Cedis (¢15,509,000,000)*** has been allocated to the Ministry of Aviation for its general administration devoid of any donor support and HIPC Funds.

8.2 The breakdown of the total allocation is as follows:

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<b>Personnel Emoluments</b>	-	<b>1,254,000,000</b>
<b>Administration</b>	-	<b>4,367,000,000</b>
<b>Service</b>	-	<b>4,938,000,000</b>
<b>Investment</b>	-	<b><u>4,950,000,000</u></b>
		<b><u>¢15,509,000,000</u></b>

### 8.2.1 Personnel Emoluments

The Ministry of Aviation is expected to have a four line directorate consistent with the Civil Service requirement



and an Internal Audit Unit as enshrined in the Financial Administration Act. In line with this, the Ministry requires an additional staff of twenty-six (26) to add up to the current staff strength of twenty-four (24).

Thus, the total amount of **¢1,254,000,000** allocated to the Ministry for its personnel emoluments for the year 2007, is to meet salaries of both the established and yet to be established positions in the Ministry.

#### 8.2.2 **Administration**

A total amount of **¢4,367,000,000** has been allocated to the Ministry to cater for its administrative expenses. This amount is to meet expenditure such as the purchase of stationery, maintenance and running cost of official vehicles, maintenance of official buildings, among others.

#### 8.2.3 **Service**

The Ministry of Aviation has been allocated a total sum of **¢4,938,000,000** to take care of its service activities which include:

- i. preparation of an Aviation Sector Policy and a Strategic Plan that will guide the development of the Sector.
- ii. organizing stakeholders' workshops on aviation issues and other workshops.

- iii. holding bilateral meetings with West African, African and non-African countries on Air Services Agreements in respect of air transport services.
- iv. establishment of a Local Area Network for the Ministry.

#### 8.2.4 **Investment**

For its investment activities, the Ministry has been allocated an amount of **¢4,950,000,000** for the acquisition of basic needs of the Ministry such as computers, furniture fixtures and fittings, vehicles and the rehabilitation of both office building and official residence, among others.

### 9.0 **OBSERVATIONS**

#### 9.1 Special Service Vote

The Committee noted that apart from the **¢15,509,000,000** allocated to the Ministry of Aviation in the 2007 Budget, the Ministry will require a Special Service Vote of **¢350,980,000,000** to cater for the service needs of Ghana Airways (in official Liquidation) and the GIAL. The summary of this required special service vote is as follows:

Ghana Airways (In Official Liquidation)	-	¢298,540,000,000
GIAL	-	¢52,440,000,000
<b>TOTAL</b>	-	<b><u>¢350,980,000,000</u></b>

As a 100% shareholder of the defunct Ghana Airways, the government was under obligation to indemnify GIAL against any claims brought against it by creditors (including former employees) of Ghana Airways. Thus, prior to the liquidation process, the government indicated its intention to negotiate with Ghana Airways creditors to assume and pay the company's debt subject to verification of these debts and budgetary approval for funding for debt repayment.

It is therefore incumbent on the Ministry of Aviation to ensure that the official liquidator of Ghana Airways is able to fund a number of the commitments that the government made to specific creditors of Ghana Airways.

## 9.2 Growth in the Aviation Sector

The Committee again noted that, barring any unforeseen circumstances the aviation sector is projected to grow at a rate of 5.6% in terms of passenger patronage and 5% in cargo handling in the year 2007. This projection therefore indicates that the Aviation Ministry should be adequately resourced to achieve the projected growth.

## 9.3 Aviation Policy and Strategic Plan

Finally, the Committee noted with keen interest, the aim of the Ministry of Aviation to develop an Aviation Policy and Strategic Plan



that will link up aviation with other modes of transport to improve access to remote regions in the country to promote agriculture and tourism. It therefore noted the need for collaboration between the Ministries of Agriculture, Tourism and Aviation if the intended policy framework and strategic plan will enhance agriculture and tourism in the country.

## **10.0 RECOMMENDATIONS**

In view of the observations made above, the Committee recommends the following:

- a. that the government through MOFEP should ensure that the Special Service Vote of **¢350,980,000,000** required by the Ministry of Aviation is granted to the Ministry to enable it meet the challenges confronting the official liquidator of Ghana Airways.
- b. that the Ministry of Aviation should ensure that development works earmarked at KIA are well executed to meet international standards in order to ensure the projected growth in passenger patronage and cargo handling.
- c. that Sector Ministries such as Agriculture and Tourism that are likely to benefit from the proposed Aviation Policy Framework and Strategic Plan should collaborate with the Ministry of

Aviation by way of inputs to ensure that the objective of the policy framework is achieved.

## **11.0 CONCLUSION**

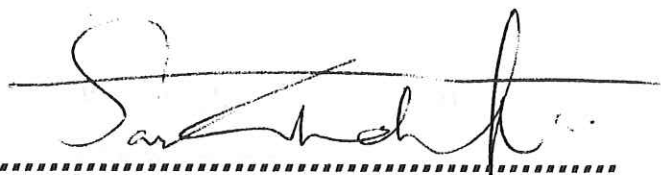
Taking into account, the government's quest to resuscitate the aviation industry by making Ghana an aviation hub and a gateway to the West African Sub-region, the Committee is of the view that additional funds should be allocated to the Ministry of Aviation in the Supplementary Budget to enable it achieve its objectives.

This notwithstanding, the Committee accordingly recommends to the House for approval, the total allocation of ***Fifteen Billion, Five Hundred and Nine Million Cedis (¢15,509,000,000)*** made to the Ministry of Aviation for the financial year ending 31<sup>st</sup> December 2007.

Respectfully submitted.



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**ABIGAIL ABA ANSO (Ms.)**  
**(CLERK TO THE COMMITTEE)**



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**HON. SAMUEL K. OBODAI**  
**(CHAIRMAN, COMMITTEE ON**  
**ROADS AND TRANSPORT)**

DECEMBER 2006