

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

REPORT OF THE

FINANCE COMMITTEE

ON THE

**2016 ANNUAL BUDGET ESTIMATES OF
OTHER GOVERNMENT OBLIGATIONS**

DECEMBER, 2015

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**REPORT OF THE FINANCE COMMITTEE ON THE 2016 ANNUAL BUDGET
ESTIMATES OF OTHER GOVERNMENT OBLIGATIONS**

1.0 INTRODUCTION

In accordance with the Article 179 of the Constitution and Orders 140(5) and 169 of Standing Orders of the House, the Expenditure Estimates of other Government Obligations for the 2016 financial year was referred to the Finance Committee for consideration and report following the presentation of the Budget Statement and the Economic Policy of the Government of Ghana for the year ending 31st December, 2016.

The Committee met and considered the Estimates with the Hon. Minister for Finance, Mr. Seth Emmanuel Terkper, and a Deputy Minister for Finance Mr. Cassiel Ato Baah Forson, and officials from the Ministry. The Committee is grateful to them for the clarifications and assistance during the deliberations.

2.0 COMMITMENTS ON OTHER GOVERNMENT FINANCIAL OBLIGATIONS

The following are the various Commitments on other Government Obligations for the 2016 financial year:

1. Domestic Interest Payments
2. External Interest Payments
3. Pensions
4. Gratuities
5. Social Security (SSNIT)
6. Subsidies on Petroleum Products
7. District Assemblies' Common Fund (DACF)
8. National Health Fund (NHF)
9. Ghana Education Trust Fund (GETFund)

10. Road Fund
 11. Petroleum Related Fund
 12. Transfer to Ghana National Petroleum Corporation (GNPC)
 13. Lifeline Consumers of electricity
 14. Tax Refunds
 15. Non-Road Arrears
 16. Amortization
 17. Other earmarked Funds, Arrears etc.
 18. Ghana Infrastructure Investment Fund (GIIF)
 19. General Government Services.

3.0 2015 ALLOCATIONS

For the 2015 financial year, a total amount of *Twenty-one Billion, Nine Hundred and Seventy-four Million, nine Hundred and Sixty-three Thousand, two Hundred and Fifty-three Ghana Cedis (GH¢21,974,963,253.00)* was allocated to be expended on the other Government Obligations. As at 30th September, 2015, a total amount of *GH¢14,354,880,000.00* representing 65% of the budgeted amount for year under review, had been spent.

4.0 2016 ESTIMATES

A total amount of *Twenty-nine Billion, Nine Hundred and Thirty-two Million, Eight Hundred and Thirty-four Thousand, Two Hundred and Twelve Ghana Cedis (GH¢29,932,834,212)* has been allocated to be expended under Government Obligations for the 2016 financial year. The allocation will be expended as follows:

DISCRIPTION	AMOUNT (GH¢)
1. SOCIAL CONTRIBUTIONS	
Pensions	- 788,944,944
Gratuities	- 222,733,342
Social Security	- 1,289,508,823
Sub-total	- 2,301,187,109

2.	INTEREST PAYMENTS		GH¢
	Domestic Interest	-	8,317,230,361
	External Interest (Due)	-	2,173,370,000
	Sub-total	-	10,490,600,361
3.	SUBSIDIES		
	Subsidies on Petroleum products -		50,000,000
4.	GRANTS TO OTHER GOV,T UNITS		
	National Health Fund (NHF)	-	1,497,275,000
	Ghana Education Trust Fund	-	1,021,526,914
	Road Fund	-	277,489,961
	Petroleum Related Fund	-	5,935,470
	DACF	-	2,013,913,015
	Transfer to GNPC	-	566,952,440
	Other Earmarked Funds	-	735,953,906
	Sub-total	-	6,119,046,705
5.	SOCIAL BENEFITS		
	Lifeline Consumers of electricity	-	75,434,987
6.	OTHER PAYMENTS		
	Non-Road Arrears	-	2,313,169,767
	Tax Refunds	-	627,438,420
	Amortization	-	3,664,140,000
	Ghana Infrastructure Investment Fund (GIIF)	-	1,198,103,849
	Sub-total	-	7,802,852,036

7. GENERAL GOVERNMENT SERVICE	-	3,093,713,014
GRAND TOTAL	-	<u>29,932,834,212</u>

5.0 OBSERVATIONS AND RECOMMENDATIONS

Allocation for Petroleum Subsidy

The Committee was informed that government policy on the liberalization of petroleum pricing would continue in 2016 and utility prices would be adjusted at regular intervals. A provision of **GH¢50,000,000** has however, been made for the payment of subsidies that would be in excess of what the cross subsidy in the petroleum price build-up caters for and subsidies on premix and residual fuels. It was explained that government maintain its policy regime on premix fuel as part of the social intervention programme to alleviate the plight of members of the fishing communities.

Transfer to Ghana Infrastructure Investment Fund (GIIF)

The Committee noted that an amount of GH¢1,198,103,849 has been earmarked as transfer into the Ghana Infrastructure Investment Fund for the 2016 financial year in line with the provisions in the GIIF Act, 2015, Act (877). However, the projects for which the funds were allocated were not outlined in the budget. The Committee is of the view that in the subsequent years the projects and programmes of the Fund should be submitted to Parliament along with the allocations for scrutiny and for accountability purposes.

Interest Payments

For the year 2016, a total amount of **Ten Billion, Four Hundred and Ninety Million, Six Hundred Thousand, Three Hundred and Thirty-one Ghana Cedis (GH¢10,490,600,361.00)** has been provided to cater for the payment of interests. This comprised an amount on **GH¢8,317,230,361.00** for domestic and **GH¢2,173,370,000.00** external debts. It was explained that the domestic interest was projected as total interest due on the existing stock of all domestic debts as indicated in the database on domestic debt plus and an estimated interest on new domestic borrowing and other charges that

would be due in 2016. The external interest on the other hand was projected as a total interest due on all existing external Central Government loans plus 25% of interest due on external government guaranteed loans plus estimated interest on new external borrowings in 2016 converted at a programmed exchange rate.

Transfer to GNPC

The Committee further noted that the 2016 budget earmarked the sum of GH¢566,952,440 as transfer from ABFA to the Ghana National Petroleum Corporation (GNPC). It was explained to the Committee that the estimated Transfers to (GNPC) is in respect of GNPC's equity financing cost and its share of the Net Carried and Participating Interests in line with Section 7 of the Petroleum Revenue Management Act 2011,(Act, 815).

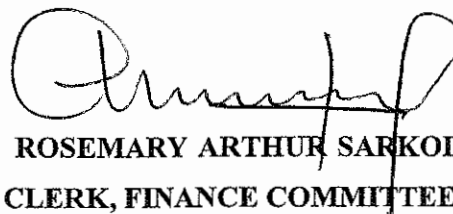
6.0 CONCLUSION

The Committee has carefully examined the estimates of Other Government Obligations, and recommends that the House approves the sum of *Twenty-nine Billion, Nine Hundred and Thirty-two Million, Eight Hundred and Thirty-four Thousand, Two Hundred and Twelve Ghana Cedis (GH¢29,932,834,212)* for the discharge of the listed other **Government Obligations and General Government Services** for the 2016 financial year.

Respectfully submitted.



**HON. JAMES KLUTSE AVEDZI
CHAIRMAN, FINANCE COMMITTEE**



**ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, FINANCE COMMITTEE**

December, 2015