

**IN THE FIRST SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA**

**REPORT OF THE COMMITTEE ON ROADS
AND TRANSPORT**

ON THE

**2018 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF AVIATION**

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REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE 2018 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF AVIATION

1.0 INTRODUCTION

- 1.1 On Thursday, 16th November, 2017, the Minister for Finance, Mr. Ken Ofori Atta in fulfilment of Article 179 of the 1992 Constitution presented to the House, the 2018 Budget Statement and Economic Policy of Government.
- 1.2 In accordance with Standing Orders 140 (4) and 189 of the House, the Budget Estimates of the Ministry of Aviation were referred to the Committee for Roads and Transport for consideration and report.
- 1.3 The Committee on Wednesday, 13th December, 2017 met with the Deputy Minister for Aviation, Hon. Kwabena Okyere Darko-Mensah, the Acting Chief Director and heads of agencies of the sector ministry and reports as follows:
- 1.4 The Ministry of Aviation is a fairly new Ministry and the 2018 budget estimates covers the main ministry and two agencies namely:
 - (i) Ghana Airports Company Limited (GACL) -responsible for planning, developing, managing and maintaining all airports and aerodromes in Ghana, and
 - (ii) Ghana Civil Aviation Authority (GCAA) - responsible for the regulation of the air transport industry in Ghana and provide navigation services within the Accra Flight Information Region (FIR).

2.0 REFERENCE DOCUMENTS

The Committee made references to the following documents during the consideration of the Estimates:

- (i) The 1992 Constitution of the Republic of Ghana,
- (ii) The Standing Orders of Parliament,
- (iii) The Budget Statement and Economic Policy of the Government for the 2018 financial year,

- (iv) The National Medium Term Development Framework (NMTDF) for 2018-2021; and
- (v) The Report of the Committee on the 2017 Estimates for the Ministry of Aviation.

3.0 VISION OF THE MINISTRY OF AVIATION

3.1 The Vision of the Ministry of Aviation is to establish Ghana as an aviation hub within the sub-region and position Ghana as the preferred destination of choice for travellers and open up the country for investment, business and tourism.

4.0 MISSION, CORE FUNCTIONS AND POLICY OBJECTIVES

4.1 Mission

4.1.1 The Ministry's Mission is to provide leadership and guidance for the development of the Transport Sector through effective policy formulation, market regulation, asset management and service provision.

4.2 Core Functions

4.2.1 The core functions of the Aviation Ministry includes:

- (i) Policy formulation and co-ordination of the aviation sector,
- (ii) Sector governance (policy, finance, regulations, capacity building)
- (iii) Oversight responsibility for sector agencies,
- (iv) Sector performance management, monitoring, evaluation and reporting,
- (v) Sector development, promotion and enabling measures including research and public information,
- (vi) Co-ordinating and integrating sector plans and strategies, including integration with other sector ministries.

In addition, the Ministry also grants approval for licensing of air transport operations and negotiates bilateral air services agreements with trading partners.

4.2 Policy Objectives

4.2.1 The objectives of the Ministry for 2018 and the Medium Term are to:

- (i) To go through the necessary procurement processes for the establishment of a Home Based Carrier,
- (ii) To facilitate and ensure the development of Aviation infrastructure; and
- (iii) To develop an Aerotropolis at Ningo Prampram.

4.2.2 The Policy Objectives of the Ministry as stated in the Ghana Shared Growth and Development Agenda (GSGDA II) are as follows:

- (i) Establish Ghana as a Transportation Hub for the West African Sub-Region,
- (ii) Create a sustainable, accessible, affordable, reliable, effective, efficient, safe and secure transport system that meets the user needs,
- (iii) To develop and integrate land use, transport planning, development planning and service provision,
- (iv) To create appropriate environment for Private Sector Participation in the delivery of Transport Infrastructure,
- (v) To Develop and implement a comprehensive and integrated Policy, Governance and Institutional Frameworks,
- (vi) Ensure sustainable development in the Transport Sector; and
- (vii) Develop adequate human resource capacity and apply new technology.

5.0 ACHIEVEMENTS IN 2017 FISCAL YEAR

5.1 Management and Administration

- 5.1.1 The Ministry has obtained Cabinet's Policy approval and established a Special Purpose Vehicle (SPV) to facilitate the establishment of a home based carrier. A number of proposals from investors with various models have been received.
- 5.1.2 The Ministry together with its agencies had received several proposals from investors and has had a number of meetings with them all in its bid to facilitate the construction of an Aeropolis at Ningo Prampram.
- 5.1.3 The Ministry received several proposals from prospective investors for the construction of MRO and cargo facilities at the Tamale Airport.
- 5.1.4 The Ministry undertook working visit to the Bolga, Takoradi and Sunyani airports and airstrips in order to ascertain first-hand information on their construction and rehabilitation.

5.2 Aviation Development and Management

- 5.2.1 The design and construction of Terminal 3 building at Kotoka International Airport (KIA) and the Ho Airport are 66% and 89.19% complete whiles the rehabilitation of the Wa Airport Terminal and associated works is 99% complete.
- 5.2.2 Commercial Agreements were signed for the construction of Kumasi Airport Phase II and Tamale Airport Phase II projects.
- 5.2.3 The Ghana Civil Aviation Authority (GCAA) completed an in-house Technical Viability studies to decouple the Air Navigation Services (ANS) provider from the Regulator and the report has been submitted to Management and the Board of the Authority.
- 5.2.4 The construction of a modern ANS Centre, Supply and Installation of new Control Tower at Wa Airport and Installation of Instrument Landing System (ILS) equipment at the Tamale Airport are 25%, 40% and 95% complete respectively.

5.2.5 The Ministry installed ILS equipment in Kumasi to help improve on navigational services. Additionally, the supply and installation of VSAT systems, new HF Radio System for Accra and ATM System Upgrade at KIA are 60%, 90% and 85% complete respectively.

6.0 FINANCIAL PERFORMANCE FOR 2017

6.1 The 2017 financial performance for the Ministry of Aviation is as depicted in tables 1, 2 and 3 below.

TABLE 1: FINANCIAL PERFORMANCE OF THE MINISTRY AND ITS AGENCIES AS AT 31 NOVEMBER 2017

Item	2017 Allocation GH¢	Release as at Nov. 2017 GH¢	Balance GH¢
Compensation	816,102.00	623,617.61	192,484.39
Goods & Services (GoG & Donor)	15,515,252.00	1,846,763.00	13,668,489.00
CAPEX (GoG & Donor)	43,061,008.00	193,907.50	42,867,100.50
Total	59,392,362.00	2,664,288.11	56,728,073.89

TABLE 2: FINANCIAL PERFORMANCE OF THE MINISTRY OF AVIATION AS AT NOV. 2017

Item	2017 Allocation (GH¢)	Released as at Nov. 2017 (GH¢)	Variance (GH¢)	% Released
Compensation	816,102.00	623,617.61	192,484.39	76.41
Goods & Services	5,000,000.00	1,846,763.00	3,153,237.00	36.94
CAPEX	1,000,000.00	193,907.50	806,092.50	19.39
Total	6,816,102.00	2,664,288.11	4,151,813.89	39.08

Table 3: Financial performance for the Ghana airports Company limited as at 31 Nov. 2017

ITEM	2017 ALLOCATION GH¢	RELEASE AS AT NOV. 2017 GH¢	VARIANCE GH¢	% RELEASED
Compensation	0.00	0.00	0.00	0.00
Goods & Services	10,515,252.00	0.00	10,515,252.00	0.00
CAPEX (Donor)	42,061,008.00	0.00	42,061,008.00	0.00
Total	52,576,260.00	0.00	52,576,260.00	0.00

7.0 BUDGETARY ALLOCATIONS FOR THE MINISTRY OF AVIATION AND ITS AGENCIES FOR 2018

7.1 The Ministry of Aviation and its Agencies were given a budget allocation of GH¢198,355,235.00 for the 2018 fiscal year. The breakdown per expenditure items are as follows:

TABLE 4: BUDGETARY ALLOCATION FOR THE MINISTRY OF AVIATION AND ITS AGENCIES BY PROGRAMMES

PROGRAMME	GOG (GH¢)			DONOR (GH¢)		GRAND TOTAL (GH¢)
	Compensation	Goods and Services	Capex	Goods and Services	Capex	
Management and Administration	769,975	4,170,840	1,774,420	-	-	6,715,235
Aviation Infrastructure Development and Management	-	-	-	-	191,640,000	191,640,000
TOTAL	769,975	4,170,840	1,774,420		191,640,000	198,355,235

Table 4 show budgetary allocation to the sector Ministry and its Agencies in 2018

An amount of GH¢769,975.00 was earmarked for compensation, for Goods and Services GH¢4,170,840 and donor funding of GH¢191,640,000.00 for capital expenditure and capital expenditure of GH¢1,774,420.00 under GOG all totalling GH¢198,355,235.00.

8.0 PROGRAMME OUTLOOK FOR 2018

8.1 Management and Administration

- 8.1.1 The Ministry would in 2018 engage a strategic Investor and a Transaction Advisor to commence feasibility study to facilitate the establishment of a home based carrier for the country.
- 8.1.2 The Ministry and its agencies would undertake feasibility studies and commence the processes to acquire land title at Ningo Prampram for the construction of an Aerotopolis.
- 8.1.3 The Ghana Airports Company Limited would commence procurement processes and engage a strategic investor for the construction of an MRO and cargo facilities at the Tamale Airport.
- 8.1.4 The Ministry would in 2018 undertake feasibility studies for the construction and rehabilitation of Bolgatanga, Takoradi and Sunyani Airports and Airstrips.

8.2 Aviation Development and Management

- 8.2.1 The GACL would in 2018 complete the design and construction of Terminal 3 building at KIA, Ho Airport and the rehabilitation of the Wa Airport Terminal and associated works.
- 8.2.2 The Kumasi and Tamale Phase II projects would be 40% and 10% complete at the end of 2018.

8.2.3 The GCAA would in 2018 engage an external consultant to validate the in-house study on the decoupling of the Air Navigation Services Provider from the Regulator.

8.2.4 The installation of ILS equipment in Kumasi would be commissioned in 2018 and complete fully the construction of modern ANS Centre, supply and installation of new Control Tower at the Wa Airport, installation of ILS equipment at Kumasi and Tamale Airports, supply and installation of VSAT Systems, installation of new HF Radio System for Accra and the ATM System upgrade at KIA.

10.0 OBSERVATIONS AND RECOMMENDATIONS

10.1 Budget Allocation for 2018

In 2018, the Ministry of Aviation has been allocated an amount of GH¢198,355,235. This represents a 23.0% increase in allocation compared to that of 2017. However, the chunk of the fund (over 90%) is for the construction of the Kumasi Airport Phase 11 and the Tamale Airport Phase 11 projects leaving about 3.39% of the total allocation for the Ministry to operate with.

10.2 Establishment of a National Carrier

The Committee was apprised on the current state of on-going negotiations to rope in strategic partners and investors for the establishment of a home-based carrier which will fly the flag of the nation. To this end, the Ministry had submitted a cabinet Memorandum seeking policy approval for the establishment of a national carrier.

The Committee noted that a national carrier would not only serve our quest to make the country a preferred aviation hub within the sub-region, but also position Ghana as the preferred destination of choice for travellers. It would equally offer competition to other airlines operators, create investment opportunities, businesses and boost tourism.

10.3 Encroachment on Aerotopolis

The Ministry assured the Committee that the land property of the Ministry for the construction of an Aerotopolis at its landed property at Ningo Prampram is well protected from the reach of encroachment and that the project would become a reality as strategic investors are being wooed to kick-start the project.

- **10.4 Poor Access Roads to Airport**

The Committee's attention was drawn to the fact that accessibility to the Kotoka International Airport is poor. The poor road access creates traffic congestion to the airport. To ease the situation, the Committee urged the Ministry to collaborate with the Ministry of Roads and Highways to open up the width of the access roads, and cause the Aviation Ministry to prepare a road-access master plan that would provide a road map which would make it possible to gain access to the airport by public buses and city trams.

- **10.5 Delays in GOG Fund Releases**

The Aviation Ministry is a relatively new ministry in its teething years. Late releases of GOG Funds to the Ministry hamper the achievement of planned programmes and activities.

The Committee recommends the House urges the Ministry of Finance to ensure that the Ministry's releases are timeous.

- **10.6 Cost of Aviation Fuel**

The Committee was apprised on the state of affairs in the Airline industry and while it commends Government for the removal of the 17.5% VAT on domestic airfares, it wishes to bring to the attention of the House that the cost of Aviation fuel is high and suffocating the industry.

Ghana posits over the costliest aviation fuel price in the sub-region. The Committee urges the House to bring this picture to the attention of the Government.

10.7 Budgetary Disbursement

Budgetary disbursements to the Ministry for 2017 were low. The Committee observed that as at the end of November 2017, the total amount released to the Ministry stood at GH¢2,664,288.11 representing 4.49% of the 2017 allocated amount of GH¢59, 392,362.00. This clearly affected the performance of the new Ministry which needed more funding to facilitate its capital intensive projects.

The Committee further noted that releases of other items under expenditure in the 2017 budget; namely Compensation, Goods and Services and Capital Expenditure (CAPEX) were below the 50% level, exception being CAPEX, which had 90%.

10.8 Programmes/Projects

The Committee noted that International aircraft operations and passenger movement decreased in 2017, this was partly attributed to an increase in international airfares. The Ministry nevertheless was hopeful that patronage would increase as a result of the removal of 17.5 percent VAT on airfares. The Committee anticipates a possible decline in international aircraft operations and passenger patronage if the Ministry does not strategize its services.

The Committee expressed its dissatisfaction at the reduced patronage of domestic flights due to increasing fares by the operators. The Committee expressed concern that the policy on domestic air operations allows operators to determine airfares which inures to the good of potential passengers. It urged the Ghana Airport Company (GACL) to take a critical look at the situation and ensure that it conforms to best international practice in determining the air fares and employ same to domestic air operations.

The committee observed that work at the Ho Airport is behind schedule as a result of a heavy rainfall in August which interrupted the workflow. The

Committee was informed that the Ministry plans to complete about 40% of the Ho Airport works in year 2018.

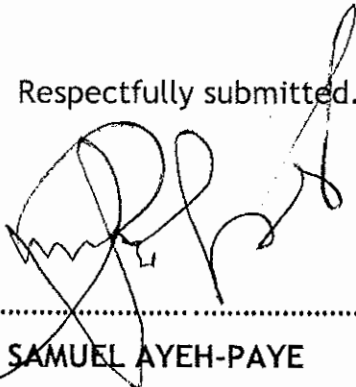
10.9 Release of Funds

The Committee expressed concern that the inadequate funding and untimely release of funds would affect the operations of the newly created Ministry.

11.0 CONCLUSION

To enable the Ministry, execute its programmes and activities, the Committee unanimously recommends that the House adopts the report and approve the sum of **One Hundred and Ninety-Eight Million, Three Hundred and Fifty-Five Thousand, Two Hundred and Thirty-Five Ghana Cedis (GH¢198,355,235.00)** for the Ministry of Aviation for the 2018 Financial Year.

Respectfully submitted.



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HON. SAMUEL AYEH-PAYE
CHAIRMAN, COMMITTEE ON ROADS
AND TRANSPORT



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MR. ASANTE AMOAKO-ATTA
CLERK, COMMITTEE ON ROAD
TRANSPORT