

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

REPORT OF THE
FINANCE COMMITTEE
ON THE
ANNUAL ESTIMATES

OF

*OTHER GOVERNMENT OBLIGATIONS
FOR THE 2018 FINANCIAL YEAR*

PARLIAMENT OF GHANA LIBRARY

19TH DECEMBER, 2017

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1.0 INTRODUCTION

The Expenditure Estimates of Other *Government Obligations* for the 2018 Financial Year were *laid* in the House and *referred* to the Finance Committee for consideration and report in accordance with the Constitution and the Standing Orders of the House following the presentation of the Budget Statement and Financial Policy of the Government for the 2018 Financial Year.

The Committee subsequently met and considered the Estimates with the Minister for Finance, Hon. Ken Ofori-Atta, Deputy, Minister for Finance, Hon. Abena Osei Asare, Deputy Minister for Finance, Hon. Charles Adu-Boahene, the Chief Director, the Director of Budget and other officials from the Ministry of Finance and hereby presents this report to the House.

2.0 2018 ESTIMATES

A total amount of **GH¢37,486,052,978** has been allocated to be expended on the under listed Government Financial Obligations also referred to as **statutory payments** for the 2018 financial year:

Ghana Revenue Authority	-	GH¢974,806,710
Debt Management	-	GH¢20,179,535,905
-	-	-
Tax Refund	-	GH¢1,638,079,036
District Assemblies' Common Fund	-	GH¢1,840,596,743
Ghana Education Trust Fund	-	GH¢924,804,543
National Health Fund (NHF)	-	GH¢1,814,537,436
Pensions	-	GH¢1,005,737,872
Gratuities	-	GH¢385,532,851
Social Security	-	GH¢1,441,557,616

Non-Roads Arrears	-	GH¢858,457,472
Subsidies on Petroleum Products	-	GH¢171,980,514
Lifeline consumers of electricity	-	GH¢89,116,853
Petroleum-Related Fund	-	GH¢20,797,110
Transfer to Ghana National Petroleum Company	-	GH¢998,023,327
Road Fund	-	GH¢881,416,498
General Government Services	-	GH¢995,155,729
Subscriptions	-	GH¢120,000,000
Contingency	-	GH¢211,627,696
Youth Employment Agency	-	GH¢201,858,804
Student Loan Trust	-	GH¢2,523,235
Export Development Levy	-	GH¢205,001,735
Ghana Airport Authority	-	GH¢313,898,964
Mineral Development Levy and Stool Land-	-	GH¢95,725,413
Other Transfers (ESLA)	-	GH¢2,104,476,410
Plastic Waste Recycling Fund	-	GH¢2,104,476,410
TOTAL	-	<u>GH¢37,486,052,978</u>

NOTE: Figures may vary slightly from those contained in page 173 of the 2018 Budget Statement because of minor changes in the weights

applied to the Earmarked Funds as per the Earmarked Funds Capping and Realignment Act, 2017.

3.0 OBSERVATIONS AND RECOMMENDATIONS

Other Government Obligations

The Committee observed that *Other Government Obligations* refer to all other expenditure which do not relate specifically to any particular MDA but have a direct impact on Government's fiscal operations in any financial year.

DACF Releases

The Committee was informed that the Ministry of Finance has released the District Assemblies Common Fund up to the Third Quarter of 2017. There are therefore no arrears for 2017 except for the last quarter which would be due in the First Quarter of 2018.

Releases to National Health Fund (NHF)

Deputy Minister for Finance, Hon Abena Osei Asare informed the Committee that as of now, the Ministry of Finance has made releases to the National Health Fund (NHF) up to September, 2017. Also all arrears from 2015 and 2016 have been cleared except for the 4th Quarter of 2016.

Ghana Airport Company Limited

The Committee noted that since the 2017 Budget, the Airport Passenger Service Charge (APSC) has been brought into the national budget and classified as Earmarked Funds and hence capped in accordance with the Earmarked Funds Capping and Realignment Law.

Due to the huge infrastructural developments being undertaken by the Ghana Airport Company Limited (GACL) and ongoing significant debt service obligations of the Company, the Committee recommends that the Company be restored to its pre-capping levels for 2018 and into the foreseeable future so as to enable the Company to meet its obligations as and when they fall due.

Ghana National Petroleum Company (GNPC) Transfers

Section 16 of the Petroleum Revenue Management Act, 2011 (Act 815) as amended requires transfers from the Petroleum Holding Fund to GNPC to be

effected within three (3) working days. The Committee however observed that transfers to the Company have been characterized by delays, reaching on the average one month before the transfers are effected. This phenomenon was said to be negatively impacting the operations of GNPC and also impinging its ability to secure financing from lenders.

The Committee strongly admonishes the Ministry of Finance to respect the provisions of the law and to henceforth make the transfers within the stipulated three days.

Excess Transfers to YEA

The Committee noted that transfers to the Youth Employment Agency for the first three Quarters of 2017 (Provisional) reached GH¢180,219,292 even though the total allocation approved for the Agency for the entire 2017 was only GH¢164,107,980 (as per the 2017 Revised Budget).

To avert recurrence of this problem in the future, the Committee recommends that the Ministry of Finance consolidates all the sources of funds to the YEA and make appropriate transfers from a single source so as to keep the Agency within the approved ceilings in consonance with fiscal discipline and pursuant to the Earmarked Funds Capping and Realignment Law.

Budget items aligned to Statutory Funds

The Committee observed from page 184 of the *Budget Statement and Economic Policy of Government for the 2018 Financial Year* that expenditure on certain Policy Initiatives and Priority Programmes have been aligned to some Statutory Funds in accordance with Section 20 of the Public Financial Management Act, 2016 (Act 921). *Nursing Trainee Allowances* and *Essential Drugs* have been aligned to the National Health Fund (NHF); *Teacher Trainee Allowances* and *Other Educational Requirements* have been aligned to the GETFund; *National School Feeding Programme* and *Nation Builders Corps* have been aligned to the DACF, *H.E. the President's Plan for Agricultural Roads* has been aligned to the Road Fund. Also, a portion of the *Planting for Food and Jobs* has been aligned to the District Assemblies Common Fund.

One District-One Factory is however aligned to EXIM Bank and not a statutory Fund as erroneously captured in page 184 of the Budget Statement.

Allocation to DACF

The Committee noted that the 2018 Allocation to DACF is in accordance with article 252 (2) of the 1992 Constitution which requires that a minimum of 5% of Total Revenue be allocated to the Fund. *Total Revenue* as defined by the Local Governance Act, 2016 (Act 936) means Total Tax Revenue less Oil Tax Revenue, Tax Refunds and Cost of Collection (GRA Retention)
i.e. **Total Revenue = Total Tax Revenue – (Oil Tax Revenue+Tax Refunds+Cost of Collection)**

Capping of Internally Generated Funds (IGF) Retention

Per paragraph 337 of the 2018 Budget Statement, Health and Education Sectors (with the exception of Regulatory Institutions) are programmed to be exempted from the capping policy pending the completion of an in-depth analysis into expenditure patterns over a period. This exemption will also be extended to all weaned-off institutions with the effect that the institutions will revert to their pre 2017 retention regime.

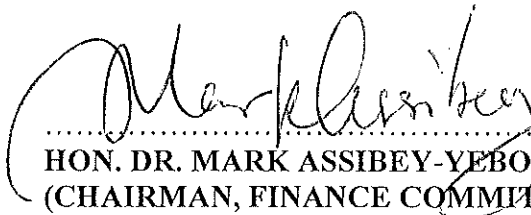
Food and Drugs Authority Retention

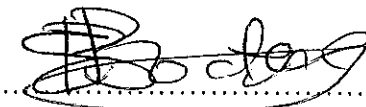
The Committee noted with concern that the Food and Drugs Authority has been capped at 33% of Internally Generated Funds Retention as against the 66% provided for all other Regulatory Agencies under the Ministry of Health. To ensure the effective performance of the function of the Authority and to ensure the safety and wholesomeness of food and drug products consumed in the country, the Committee recommends that the Food and Drugs Authority be allowed to retain 66% of its Internally Generated Funds as pertains to the rest of the Regulatory Institutions under the Ministry of Health.

4.0 CONCLUSION

The Committee, having carefully examined the Estimates of the *Other Government Obligations*, recommends that the House approves the sum of *Thirty-Seven Billion, Four Hundred and Eighty-Six Million, Fifty-Two Thousand, Nine Hundred and Seventy-Eight Ghana Cedis (GH¢37,486,052,978)* for the discharge of the **Other Government Obligations** (also referred to as **Statutory Payments**) for the 2018 Financial Year.

Respectfully submitted.


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HON. DR. MARK ASSIBEY-YEBOAH
(CHAIRMAN, FINANCE COMMITTEE)


.....
MS. EVELYN BREFO-BOATENG
(CLERK, FINANCE COMMITTEE)

19TH DECEMBER, 2017