

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



**REPORT OF THE COMMITTEE ON WORKS
AND HOUSING**

ON THE

PARLIAMENT OF GHANA LIBRARY
PARLIAMENT HOUSE
OSU, ACCRA

**2018 BUDGET ESTIMATES OF THE
MINISTRY OF WORKS AND HOUSING**

DECEMBER, 2017

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

**REPORT OF THE COMMITTEE ON WORKS AND HOUSING ON THE 2018
ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF WORKS AND HOUSING**

1.0 INTRODUCTION

In accordance with Article 179 of the Constitution and Standing Order 140(4) of the Standing Orders of the House, the 2018 Annual Estimates of the Ministry of Works and Housing were referred to the Committee on Works and Housing. This followed the presentation of the Budget Statement and Economic Policy of the Government for the financial year ending 31st December 2018 by the Hon. Minister for Finance, Ken Ofori-Atta on Wednesday, 15th November 2017.

The Hon. Minister for Works and Housing, Mr. Samuel Atta-Akyea, and His two deputies Hon. Freda Prempeh and Hon. Eugene Boakye Antwi, and a technical team from the Ministries of Works and Housing and Finance assisted the Committee during the deliberations.

The Committee is grateful to the Hon. Minister, the Deputy Ministers and the technical team for the assistance.

2.0 REFERENCE

The following served as reference documents during the Committee's deliberations:

- a) The 1992 Constitution of Ghana;
- b) The Standing Orders of the Parliament of Ghana;
- c) The Budget Statement and Economic Policy of the Government of Ghana for the 2017 Financial Year;

- d) The Budget Statement and Economic Policy of the Government of Ghana. for the 2018 Financial Year;
- e) The 2017 Annual Estimates of the Ministry of Works and Housing;
- f) The 2018 Annual Estimates of the Ministry of Works and Housing; and
- g) Oral and written submissions by the Minister and his technical team

3.0 VISION OF THE MINISTRY OF WORKS AND HOUSING

The Ministry seeks to provide a robust and sustainable development of Works and Housing infrastructure.

3.1 Mission Statement

The Ministry exists to sustainably manage available resources to improve access to safe, secure, decent and affordable housing to reduce the huge housing deficit, and to ensure the sustainable development of infrastructure facilities in the area of flood control systems, drainage, coastal protection works and operational hydrology.

3.2 Sectorial Policy Objectives

The key policy objectives the Ministry will apply over the medium term are:

- To reduce coastal and marine erosion;
- To address recurrent devastating floods;
- To promote enhance climate change resilience;
- To promote proactive planning for disaster prevention and mitigation;
- To promote proper maintenance culture;
- To provide adequate, safe, secure, quality and affordable housing;
- To build competitive and modern construction industry;
- To enhance quality of life in rural areas; and
- To enhance production and supply of quality raw materials;

4.0 SUMMARY OF 2017 KEY ACHIEVEMENTS

WORKS SECTOR PROGRAMME

Infrastructure Management Programme

During the year under review, the Ministry continued various coastal protection works aimed at protecting the land, preventing further erosion and protecting life and property. These projects which are at various stages of completion are; Aboadze 100 percent, Nkontompo 100 percent, New Takoradi Phase II (Elmina) 40 percent, Adjoa 65 percent, Blekusu 45 percent and Dansoman 45 percent.

The Ministry also continued drainage improvement works to solve the perennial flooding and erosion problems affecting communities at flood-prone areas, mitigate the disaster risk associated with flooding in various parts of the country. These projects include the Ankobra River Drainage Project (40% completed) at Agona Swedru, construction of reinforced concrete drains at Sakaman Lot 1(81% completed) and construction of reinforced concrete drains at Goaso Lots 1 and 2.

HOUSING SECTOR

Housing for Security Agencies

The provision of accommodation for the Security Services remains high on the agenda of Government. Having completed and handed over the first phase of 168 housing units to the BNI, the second phase, which involves the construction of 368 housing units for the Ghana Navy, has also been completed and handed over in November this year. This will serve as the first Navy Barracks in the country.

To further boost housing delivery for the Security Services, 216 housing units, out of the affordable housing units at Kpone, were allocated to the Ghana Police Service for completion.

Affordable Housing

The stalled Government Affordable Housing Projects at Borteyman-Greater Accra and Asokore-Mampong, Kumasi which were handed over to the Social Security and National Insurance Trust (SSNIT) for completion are at various stages of completion.

The Borteyman project which consists of 1,478 housing units is currently 100% complete and have been put up for sale. Work has also resumed and progressed steadily at the Asokore Mampong site which is made up of 1,030 housing units.

The Ministry also initiated discussions with private investors to complete the remaining 686 affordable housing units at Koforidua, Wa, and Tamale through Public Private Partnership arrangement (PPP).

In addition to this, Government also facilitated a loan amount of US\$200 million from Credit Suisse for Messrs Construtora OAS Ltd to construct a total of 5,000 housing units at Saglemi –Old Ningo. The first phase of this project made up of 1,502 housing units is progressing and it is about 90% complete.

Public, Private, Partnership in Housing

In addition to central Government's own efforts to reduce the housing deficit, the Ministry has also created an enabling environment for the private sector to fully participate in the delivery of housing units. In this regard, the Ministry commenced discussion with Messrs SINOHYDRO Corporation Limited of China for the construction of 40,000 housing units and court structures for:

1. The Judicial Service
2. The Ghana Armed Forces
3. The Ghana Police Service
4. The Ghana Prisons Service
5. The Ghana Immigration Service, and
6. The Ghana National Fire Services.

5.0 OUTLOOK FOR 2018

Infrastructure Sector Management Programme

In 2018, the Ministry will continue the coastal protection works which are at the various stages of completion at Adwoa, Blekusu, New Takoradi, Elmina, and Dansoman.

The Ministry will also commence the construction of Sea Defence Projects at Axim, Cape Coast, Ningo-Prampram, Shama, and Mensa Guinea in Accra.

The various drainage improvement projects aim at solving the perennial flooding problems affecting most communities in the flood-prone areas through the country would be continued.

Construction of various reinforced concrete drains would also be undertaken in Abuakwa South, Tano North, Subin, Effiduase in Sekyere East District, Okaikoi Central, Asitifi, Hwidiem, Tafo, Tamale, Ofoase-Korkorben, Odorkor, Bodi, Boanim, Dwinase, Asankragua and Nkrankwanta, among others.

Human Settlement and Development Programme

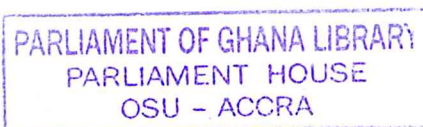
The Ministry would ensure the completion of the remaining 686 affordable housing units. In addition, about 10, 000 housing units of various types would be constructed in all the regional capitals.

6.0 SUMMARY OF BUDGET ALLOCATION AND PERFORMANCE IN

2017

For the 2017 fiscal year, the Ministry was allocated a total amount of *One Hundred and Eight Million, Eight Hundred and Eighty-seven Thousand, Five Hundred and Forty-three Ghana Cedis (GH¢108,887,543.00)* for the implementation of its programmes. This comprised GoG allocation and retained IGF. The break-down of the allocation was as follows:

		GH¢
Employee Compensation	-	7,254,524.00
Goods and Services		
GOG	1,459,766.00	
IGF	<u>173,253.00</u>	1,633,019.00
Capital Expenditure		<u>100,000,000.00</u>
Total allocation	-	<u><u>108,887,543.00</u></u>



This allocation was to be expended under the core expenditure items of the Ministry as follows:

TABLE 1: SUMMARY OF 2017 BUDGET ALLOCATION TO THE MINISTRY'S PROGRAMMES

N ^o ITEM	PROGRAMME	TOTAL (GH¢)	PERCENTAGE (%)
1	Management And Administration	4,282,167.64	3.93
3	Human Settlement Development	15,825,971.69	14.53
4	Infrastructure Management	88,779,403.67	81.53
GRAND TOTAL		108,887,543.00	100

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

Below is the summary of the Ministry's 2017 outturns by funding sources and core expenditure items.

TABLE 2: SUMMARY OF EXPENDITURE FOR THE 2017 FINANCIAL YEAR

N ^o	FUND SOURCES	TOTAL IN GH¢	ACTUAL EXPENDITURE AS AT OCTOBER 31	VARIANCE	%
1	Government of Ghana (GOG)	108,714,290.00	13,254,063.25	95,460,226.75	12.19
2	Internally Generated Funds (IGF)	173,253.00	174,706.97	(1,453.97)	100.84
3	Annual Budget Funding Amount (ABFA)	0	0	0	-
4	DONOR	0	0	0	-
GRAND TOTAL		108,887,543	13,428,770.22	95,458,772.78	12.33

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

FINANCIAL PERFORMANCE 2017 BUDGET IMPLEMENTATION

TABLE 3: EMPLOYEE COMPENSATION

No ITEM	DESCRIPTION OF MINISTRY/DEP T./AGENCIES	ANNUAL BUDGET (GH¢)	CUM. ACTUAL EXPENDITURE AS AT OCTOBER, 2017 (GH¢)	VARIANCE (GH¢)	% EXPENDED
HEADQUARTERS					
1	Headquarters	1,182,267.40	3,315,415.88	(2,133,148.48)	280.43
SUB-TOTAL		1,182,267.40	3,315,415.88	(2,133,148.48)	280.43
HOUSING SUB-SECTOR					
2	Rent Control Department	614,610.10	1,743,020.54	(1,128,410.44)	283.60
3	Public Servants Housing Loans Scheme Board	614,610.12	114,546.32	500,063.80	18.64
4	Department of Rural Housing	967,514.62	847,970.47	119,544.15	87.64
5	Architects Registration Council	86,979.67	116,845.24	(29,865.57)	134.34
6	Engineers Council	0	0	0.00	
SUB-TOTAL		2,283,714.51	2,822,382.57	(538,668.06)	123.59
WORKS SUB-SECTOR					
7	Public Works Department	3,023,772.62	5,478,245.96	(2,454,473.34)	181.17
8	Hydrological Services Department	764,769.47	776,244.42	(11,474.95)	101.50
SUB-TOTAL		3,788,542.09	6,254,490.38	(2,465,948.29)	165.09
GRAND TOTAL		7,254,524.00	12,392,288.83	(5,137,764.83)	170.82

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

TABLE 4: GOODS AND SERVICES EXPENSES

No ITEM	DESCRIPTION OF MINISTRY/DEPT./AGENCIES	ANNUAL BUDGET (GH¢)	CUM. ACTUAL EXPENDITURE AS AT OCTOBER, 2017 (GH¢)	VARIANCE (GH¢)	PERCENTAGE EXPENDED
	HEADQUARTERS				
1	Headquarters	1,110,093.73	361,464.69	748,629.04	32.56
	SUB-TOTAL	1,110,093.73	361,464.69	748,629.04	32.56
	HOUSING SUB-SECTOR				
2	Rent Control Department	41,485.60	13,028.42	28,457.18	31.40
3	Public Servants Housing Loans Scheme Board	41,485.60	11,846.96	29,638.64	28.56
4	Department of Rural Housing	66,181.96	4,500.00	61,681.96	6.80
5	Architects Registration Council	36,728.39	11,620.90	25,107.49	31.64
6	Engineers Council	36,728.39	0	36,728.39	0.00
	SUB-TOTAL	222,609.94	40,996.28	181,613.66	18.42
	WORKS SUB-SECTOR				
7	Public Works Department	67,705.20	14,888.60	52,816.60	21.99
8	Hydrological Services Department	59,357.13	14,800.00	44,557.13	24.93
	SUB-TOTAL	127,062.33	29,688.60	97,373.73	23.37

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

TABLE 5: CAPITAL EXPENDITURE

N ^o ITEM	DESCRIPTION OF MINISTRY/DEPT./AGENCIES	ANNUAL BUDGET (GH¢)	CUM. ACTUAL EXPENDITURE AS AT OCTOBER, 2017 (GH¢)	VARIANCE (GH¢)	% EXPENDED
HEADQUARTERS					
1	Headquarters	67,388,699.00	0	67,388,699.00	0
SUB-TOTAL		67,388,699.00	0.00	67,388,699.00	0
HOUSING SUB-SECTOR					
5	Rent Control Department	667,325.00	0	667,325.00	0
6	Public Servants Housing Loans Scheme Board	800,000.00	300,000.00	500,000.00	37.5
7	Department of Rural Housing	456,019.01	0	456,019.01	0
8	Architects Registration Council	550,000.00	0	550,000.00	0
9	Engineers Council	527,800.00	0	527,800.00	0
SUB-TOTAL		3,001,144.01	300,000.00	2,701,144.01	-
WORKS SUB-SECTOR					
9	Public Works Department	2,650,000.00	129,624.85	2,520,375.15	4.89
10	Hydrological Services Department	26,960,156.99	0	26,960,156.99	0
SUB-TOTAL		29,610,156.99	129,624.85	29,480,532.14	0.44
GRAND TOTAL		100,000,000.00	429,624.85	99,570,375.15	0.43

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

TABLE 6: INTERNALLY GENERATED FUNDS (IGF) – EXPENDITURE

N ^o ITEM	DESCRIPTION OF MINISTRY/DEPT./AGENCIES	ANNUAL BUDGET	CUM. ACTUAL EXPENDITURE AS AT OCTOBER, 2017	VARIANCE	PERCENTAGE EXPENDED (%)
HEADQUARTERS					
1	Headquarters	-	0	-	-
SUB-TOTAL		-	0	-	-
HOUSING SUB-SECTOR					
2	Rent Control Department	24,540.36	24,540.36	0.00	100
3	Public Servants Housing Loans Scheme Board	48,241.02	48,241.02	0.00	100
4	Department of Rural Housing	26,850.33	26,850.33	0.00	100

5	Architects Registration Council	0	0	0.00	-
6	Engineers Council	0	0	0.00	-
SUB-TOTAL		99,631.71	99,631.71	0.00	
WORKS SUB-SECTOR					
7	Public Works Department	73,621.26	75,075.26	(1,454.00)	101.97
8	Hydrological Services Department	-	0	-	-
SUB-TOTAL		73,621.26	75,075.26	(1,454.00)	101.97
GRAND TOTAL		173,252.97	174,706.97	(1,454.00)	100.84

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

TABLE 7: INTERNALLY GENERATED FUNDS (IGF) – COLLECTIONS

NO	DESCRIPTION OF MINISTRY/DEPT./AGENCY	PROJECTED REVENUE (GH¢)	CUM. ACTUAL AS AT OCTOBER, 2017 (GH¢)	VARIANCE (GH¢)	PERCENTAGE COLLECTED
HEADQUARTERS					
1	Gov't Bungalows/Flats	5,449,546.79	5,186,399.71	263,147.08	95.17
2	Contractor Classification	2,110,944.00	4,363,064.50	(2,252,120.50)	206.69
3	UNDP Block of Flats	477,553.56	386,699.00	90,854.56	80.98
SUB-TOTAL		8,038,044.35	9,936,163.21	(1,898,118.86)	123.61
HOUSING SUB-SECTOR					
4	Rent Control Dept.	80,000.00	67,595.00	12,405.00	84.49
5	Dept. of Rural Housing	27,593.62	18,067.34	9,526.28	65.48
SUB-TOTAL		107,593.62	85,662.34	21,931.28	79.62
WORKS SUB-SECTOR					
6	Public Works Department	124,095	75,320.00	48,775.00	60.70
7	Hydrological Services Department	-	-	-	-
SUB-TOTAL		124,095	75,320	48,775	60.70
GRAND TOTAL		8,269,732.97	10,097,145.55	(1,827,412.58)	122.10

Source: 2017 Budget Statement and MWH 2017 Budget Performance Report to the Committee

7.0 2018 BUDGET ALLOCATION

For the 2018 fiscal year, the Ministry has been allocated a total amount of *Ninety-one Million, Four Hundred and Eighty-one Thousand and Forty-four Ghana Cedis (GH¢91,481,044.00)* for the implementation of its programmes. This consists of GoG component of GH¢91,380,363.00 for employee compensation, goods and services and capital expenditure, and GH¢100,682.00 retained IGF for goods and services.

The GOG component of GH¢91,380,363.00 is broken down into: -

i. Employee Compensation (i.e. Wages and Salaries)	-	GH¢9,507,763.00
ii. Goods and Services	-	GH¢1,685,810.00
iii. Non-Financial Assets	-	GH¢80,186,790.00

The Internally Generated Funds (IGF) component of GH¢100,682.00 is also broken down into: -

i. Employee Compensation (i.e. Wages and Salaries)-	GH¢ -
ii. Goods and Services	- GH¢ 100,682.00
iii. Non-Financial Assets	- GH¢ -

Details of the 2018 Budget Ceilings as allocated by the Ministry to the various Directorates, Departments and Agencies for the 2018 programmes and sub-programmes of the Ministry are as indicated below:

PROGRAMME	GH¢
Management and Administration	8,337,611.42
Human Settlement and Development	13,872,951.61
<i>Housing Sector Management</i>	8,030,805.78
<i>Rent Control Department</i>	2,814,784.31
<i>Public Servants Housing Loan Scheme Board</i>	912,696.18
<i>Rural Housing Management</i>	699,500.39
<i>Architects Registration Council</i>	906,701.91
<i>Engineering Council</i>	508,463.05
Infrastructure Management	69,270,481.97
<i>Works Sector Management</i>	31,099,792.28
<i>General Maintenance Management</i>	5,711,529.19
<i>Drainage Management</i>	12,949,328.72
<i>Coastal Management</i>	19,500,000.00
<i>Applied Hydrology</i>	9,831.78
Grand Total (N1)	<u>91,481,045.00*</u>

Note to the Account

(N1). Though the total allocation to the Ministry as indicated on page 179, Appendix 4B of the 2018 Budget Statement and Economic Policy of Government is GH¢91,481,044.00, the actual total allocation should rather be read as GH¢91,481,045.00

8.0 OBSERVATIONS AND RECOMMENDATIONS

Delays and Non-Release of Budgetary Allocations

The Committee noted that non-releases and delay in releasing approved funds continued to be a major challenge during the year under review. The Committee noted that a paltry sum of GH¢13,428,770.22 out of the total budgetary allocation of GH¢108,887,543.00 representing 12.33% has so far been released as at 31st October 2017. As a result of this, the Ministry was unable to carry out most of its planned programmes.

The Committee notes that the non-release of budgetary allocations has been an annual ritual and needs to urgently be resolved to enable the Ministry of Works and Housing to fully deliver on its mandate. The Committee, therefore, reiterates its call to the Ministry of Finance to ensure that budgetary allocations for the year shall be fully released and on time to ensure timely implementation of planned programmes. The Committee also admonishes the Ministry of Works and Housing to also ensure timely application for allocated funds to enable the Ministry of Finance to release funds timeously.

Inadequate Budgetary Allocation

Another challenge that negatively affects the efficient performance of the Ministry has generally been the inadequate budgetary allocation to the Ministry over the years. The Committee observed that there has been a continuous reduction in budget allocation to the Ministry for some years now. It is obvious that most of the Ministry's programmes and activities are capital intensive, and for the public good. Programmes and activities such as; Coastal Protection Works to prevent flooding and erosion problems, prevent and protect life and property, Drainage Improvement Works to solve perennial flooding and erosion problems, and the provision of Affordable Housing requires huge capital outlays which cannot be adequately financed by the Ministry's Annual Budgetary Allocations alone. For instance, for the 2018 fiscal year, the Ministry has been allocated a total amount of **GH¢91,481,044.00** whilst actual requirement for effective implementation of its planned programmes is estimated at **GH¢225, 000,000.00** (**GH¢9, 500,000 for compensation, GH¢5,000,000 for goods and Services, GH¢200,000,000 for CAPEX, and GH¢10,500,000 for IGF**).

Considering the quantum and the importance of the Ministry's planned programmes and activities and the huge capital requirements, the Committee is of the view that annual budgetary allocations alone would not be able to effectively solve the challenges of the Sector. The Committee is, therefore, appealing to the President and the Finance Ministry to consider raising special financial packages for the Ministry to meaningfully carry out its planned programmes.

Huge outstanding Commitments

The Committee noted that though the Ministry was able to honour part of its indebtedness to contractors to the tune of *One Hundred and Thirty-six Million, Six Hundred and Sixty-three Thousand, Three Hundred and Five Cedis, Fifty-one pesewas (GH¢136,663,305.51)*, it still has *One Billion, One Hundred and Seventy-Four Million, Two Hundred and Twenty Thousand, Six Hundred and Forty Cedis, Fifty-nine pesewas (GH¢1,174,220,640.59)* outstanding as at 31st October, 2017. This means that the Ministry's 2018 total allocation of **GH¢ 91,481,044** which is about 7.8% of its outstanding indebtedness would not be able to settle this huge indebtedness, even if no programme or activity of the Ministry is to be executed. Further, this huge indebtedness has the danger of financially crippling the contractors involved. The Committee reiterates its appeal to the Ministry of Finance to allocate additional resources to enable the Ministry to settle this huge indebtedness.

Funding For Affordable Housing Projects

The Committee was informed that currently there are a lot of local and foreign investors interested in undertaking affordable housing projects across the country. The concern, however, has been the uncertainty on the return on their investments since the current interest rate on mortgage financing which is about 28% remains unattractive to most middle-income earners. The Hon. Minister for Works and Housing however, informed the Committee that the Ministry of Finance has proposed to, among other initiatives, partner with banks, pension trustees and security market players to start the process of developing and deepening the local mortgage and housing finance market to offer affordable housing mortgages at subsidised interest rates to solve this problem.

The Hon. Minister was optimistic that this policy initiative would reduce the cost of local currency mortgage being offered by the banks and encourage the use of technology to lower the cost of housing by the private sector.


9.0 **CONCLUSION AND RECOMMENDATION**

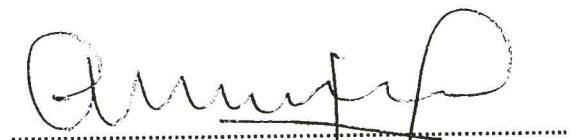
The Committee, after carefully examining the 2018 Annual Estimates of Ministry and having regards to the strategic role of the Ministry in the development drive of the country, and also, the correction made on pages 11 and 12 of this report recommends that, the House to approves the sum of *Ninety-one Million, Four Hundred and Eighty-one Thousand and Forty-five Ghana Cedis (GH¢91,481,045.00)* for the implementation of the Ministry of Works and Housing programmes and activities for the 2018 financial year.

In addition, the Committee reiterates its appeal to the Ministry of Finance to come to the aid of the Ministry of Works and Housing by providing additional resources for the settlement of the huge outstanding financial commitments to contractors.

Respectfully submitted.




.....
HON. NANA AMOAKOH
CHAIRMAN, COMMITTEE ON
WORKS & HOUSING


.....
ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, COMMITTEE ON WORKS &
HOUSING

DECEMBER, 2017