

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

**REPORT OF THE JOINT  
COMMITTEE ON EMPLOYMENT, SOCIAL  
WELFARE AND STATE ENTERPRISES, AND  
YOUTH, SPORTS AND CULTURE**

*ON THE*

**2019 ANNUAL BUDGET ESTIMATES OF  
THE MINISTRY OF EMPLOYMENT AND  
LABOUR RELATIONS**

*December 2018*



**REPORT OF THE JOINT COMMITTEE ON EMPLOYMENT, SOCIAL  
WELFARE AND STATE ENTERPRISES, AND YOUTH, SPORTS AND  
CULTURE ON THE 2019 ANNUAL BUDGET ESTIMATES OF THE MINISTRY  
OF EMPLOYMENT AND LABOUR RELATIONS**

**1.0 INTRODUCTION**

The Budget Statement and Economic Policy of the Government of Ghana for the 2019 financial year was presented to Parliament on Thursday, 15<sup>th</sup> November 2018 by the Hon. Minister for Finance, Mr. Ken Ofori-Atta, pursuant to Article 179 of the 1992 Constitution. In accordance with Standing Orders 140(4) and 184 of the House, the Annual Budget Estimates of the Ministry of Employment and Labour Relations was referred by the Rt. Hon. Speaker to the Joint Committee on Employment, Social Welfare and State Enterprises, and Youth, Sports and Culture for consideration and report to the House.

The Committee, thereafter, met with the Hon. Minister for Employment and Labour Relations, Mr. Ignatius Baffour Awuah and his team of officers on Thursday, 6<sup>th</sup> December 2018 and considered the referral.

The Committee is grateful to the Hon. Minister and his team for their co-operation and support. The Committee extends its appreciation to the scheduled officers from the Ministry of Finance for being in attendance to assist the Committee consider the Estimates.

**2.0 REFERENCE DOCUMENTS**

The Committee made reference to the following documents during the consideration of the budget estimates:

- i. The 1992 Constitution of Ghana
- ii. The Standing Orders of Parliament of Ghana

- iii. The 2018 Budget Statement and Economic Policy of the Government of Ghana
- iv. The 2018 Annual Budget Estimates of the Ministry of Employment and Labour Relations
- v. The 2019 Budget Statement and Economic Policy of the Government of Ghana
- vi. The 2019 Annual Estimates of the Ministry of Employment and Labour Relations.

### **3.0 MANDATE**

The Ministry of Employment and Labour Relations is mandated to co-ordinate employment and labour related policies and interventions to promote accelerated job creation and harmonious labour relations for socio-economic development.

### **4.0 IMPLEMENTING AGENCIES**

1. Ministry Headquarters
2. Youth Employment Agency
3. National Pensions Regulatory Authority
4. Labour Department
5. Fair Wages and Salaries Commission
6. Department of Factories Inspectorate
7. National Vocational Training Institute
8. Management Development and Productivity Institute
9. Ghana Co-operative Council
10. Ghana Co-operative College
11. Opportunity Industrialisation Centres
12. Integrated Community Centres for Employable Skill

## 5.0 2018 PERFORMANCE

5.1 The Ministry of Employment and Labour Relations was granted a budgetary allocation of **GH¢388,616,215.00** to implement its programmes and activities for the 2018 financial year. The breakdown is captured in Table 1

**Table 1. Summary of Allocation and Releases as October 2018**

| Item             | Approved Budget (GH¢) | Release (GH¢)        | Variance              | % Release   |
|------------------|-----------------------|----------------------|-----------------------|-------------|
| Compensation     | 50,108,255.00         | 39,920,675.00        | 10,187,580.00         | <b>79.7</b> |
| Goods & Services | 334,637,517.00        | 55,433,982.00        | 279,203,535.00        | <b>16.6</b> |
| Asset            | 3,870,443.00          | 1,834,490.00         | 2,035,953.00          | <b>47.4</b> |
| <b>TOTAL</b>     | <b>388,616,215.00</b> | <b>97,189,147.00</b> | <b>291,427,068.00</b> | <b>25</b>   |

5.2 It could be observed from the table above that as at October 2018, only 25% of the Ministry's total budgetary allocation had been released. The low level of the release particularly reflected in the amount allocated for Goods and Services.

The Ministry explained that the amount of GH¢334,637,517.00 approved for Goods and Services included a component of GH¢300,000,000.00 provided for the implementation of the Nation Builders Corps (NABco). According to the Ministry, the programme, was scheduled to commence early 2018, but the

implementation delayed until November. It is worth noting that the NABco programme is no more under the Ministry of Employment and Labour Relations. This is evidenced by the fact that the Ministry's budget for 2019 is not inclusive of NABco's budget, as it has been placed under the Office of Government Machinery.

**5.3** During the year under review, the Ministry implemented a number of programmes some of which are enumerated below:

- i. Launched, in collaboration with the National Steering Committee on Child Labour and the Second National Action Plan (NPA II 2017-2018) on Child Labour, with the view to providing a co-ordinated framework for the elimination of all forms of child labour
- ii. Prepared a draft National Labour Migration Policy to protect the rights of Ghanaian migrant workers and enable the country take advantage of labour migration for national development
- iii. Commenced the restructuring of the Labour Department to enhance labour administration in the country. In this regard, 7 of the 64 District Labour Offices were programmed for refurbishment.
- iv. Engaged 99,038 youth under the various modules of the Youth Employment programme
- v. Trained 6,383 persons in various vocational trades through the Ministry's skill development agencies - National Vocational Institute (NVTI), Opportunity Industrialisation Centres-Ghana (OIC-G), and Integrated Community Centres for Employable Skills (ICCESS)
- vi. Registered two schemes – Sankofa Scheme and Public Sector Worker Employee's Pension Schemes to manage residual funds from Temporary Pension Fund Account (TPFA1) and residual funds in the public sector respectively

- vii. The National Tripartite Committee Negotiated and pegged the National Daily Minimum Wage at GH10.65 in July. Similarly, the Fair Wages and Salaries Commission, in collaboration with Public Service Joint Salaries Negotiation Committee, successfully negotiated the 2019 base pay and pay-point relativity in August.

## 6.0 BUDGETARY ALLOCATION FOR YEAR 2019

6.1 The total budgetary allocation to the Ministry for the implementation of its 2019 programmes and activities is pegged at **GH¢157,169,676.00**. The details are captured in Table 2.

**Table 2. 2019 Allocation by Economic Classification and Source**

| 2019 FINANCIAL PROJECTION FOR MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS |               |               |               |                |     |
|---|---------------|---------------|---------------|----------------|-----|
| ITEMS   | GOG           | IGF           | DONOR         | TOTALS         | %   |
| COMPENSATION  | 45,122,894.00 | 12,892,417.00 | 0             | 58,015,311.00  | 37  |
| GOOD AND SERVICES   | 2,717,203.00  | 25,701,791.00 | 22,824,412.00 | 51,243,406.00  | 33  |
| CAPEX   | 1,553,621.00  | 46,357,338.00 | -             | 47,910,959.00  | 30  |
| TOTALS  | 49,393,718.00 | 84,951,546.00 | 22,824,412.00 | 157,169,676.00 | 100 |
| %   | 31            | 54            | 15            | 100            |     |

6.2 A cursory look at the table above shows that the Ministry's allocation for 2019 comprises Compensation- GH¢58,015,311.00 (37%), Goods and Services -GH¢51,243,406.00 (33%), and Capex - GH¢47,910,959.00 (30%).

6.2.1 The Ministry, having regard to its policy objectives, will in 2019, reinforce the governance of labour migration, improve the co-operative system

in the country and strengthen occupational safety and health administration. The Ministry will also work to eliminate all forms of child labour in Ghana, improve the administration and coverage of pension schemes, and promote harmonious labour environment for development. Again, it will expand opportunities for job creation, operationalise the labour market information system, provide employable and managerial skills for the youth, revamp Public Employment Centres in designated districts, and formalise domestic work.

**6.2.2** In order to improve skills development and managerial competencies, the three technical and vocational training institutes will train 7,253 persons in various vocational trades. The NVTI will test and certify 39,731 vocational skills candidates whilst the MDPI will train 1,450 persons from the various sectors of the economy in managerial and productivity enhancement skills.

**6.2.3** Further, the National Pensions Regulatory Authority will establish tailor-made pension schemes for the informal sector and marginalised groups including cocoa farmers. The Authority will open a regional office in Sunyani, institute a risk-based supervision system and intensify training of trustees.

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

### **7.1 Main Ministry**

**7.1.1** The Committee noted that in 2019, the Ministry will apportion its budgetary allocation to 4 key programmes. An amount of GH¢3,953,965.00 (2.5%) has been committed to Management and Administration and GH¢14,099,108.00 (9%) to Job Creation and Development. A total of GH¢38,085,172.00 (24.2%) will go into Skill Development whilst GH¢101,031,431.00 (64.3%) will be committed to Labour Administration. The pattern of the allocation shows that a chunk (88.5%) of the Ministry's total budget for 2019 goes into the Labour Administration and Skill



Development Programmes. It was noted that the skill development agencies (NVTI, OICI MDPI) generate and retain hundred per cent of their IGF, whilst the NPRA, which operates under the Labour Administration Programme also generate and retain about 66% of its IGF.

**7.1.2** The Committee was informed that as part of the measures to protect migrant and domestic workers and also revive the co-operative system the Ministry will finalise the Labour Migration Policy, the Co-operatives Bill and the Domestic Workers Regulations. The Committee expressed confidence that the Domestic Workers Regulations, when passed, will go a long way to resolve the issue of child labour and protect the rights of domestic workers. The Committee therefore urged the Ministry to expedite the finalisation of the Bill for submission to Parliament.

**7.1.3** The Committee noted that in line with job creation and development agenda of the government, a total of one hundred thousand (100,000) graduates were registered for the Nation Builders Corp (NABco) Programme. Out of the number, ninety-six thousand, nine hundred and eighty-three (96,983) were trained and posted to various institutions under the programme.

While the Committee acknowledged the benefits of the NABco Initiative in providing job opportunities for graduates from tertiary institutions, it observed that the long-term solution to the high graduate unemployment lies in fostering proper linkages between tertiary education and industry. The Committee noted that often times, the absence of such linkages render many graduates unattractive to the job market.

The Committee therefore recommends that the Ministry of Employment and Labour Relations plays a leading role in the manpower planning of the country by collaborating with the Ministry of Education and industrial players to make

education, especially at the tertiary level, more relevant to the demands of the job market.

## **7.2 Youth Employment Agency (YEA)**

**7.2.1** The main sources of funds for the Youth Employment Agency are Communication Service Tax - 80%, Ghana Education Trust Fund (GETFUND) - 5%, and the District Assemblies Common Fund (DACF) - 10%. These funds are required by law to be made available to YEA to carry out its operations.

The Committee noted that as at October 2018, only 2% of the expected inflows from GETFUND and 38% of the DACF had been released. The Committee expressed serious concern that over the years, DACF and GETfund, in particular, have consistently breached the law requiring them to transfer 10% and 5% respectively of their funds to YEA. The Committee calls on the two institutions and the Ministry of Finance to ensure that funds earmarked for YEA are transferred on time for the implementation of its programmes.

**7.2.2** For 2019, YEA has been allocated a total of **GH¢536,456,020.00** from the various sources of funding under the law to implement its programmes. The Committee noted that the 80% Communication Service Tax which forms a large component of YEA sources of funding has been further capped from 70% in 2018 to 51% in 2019. The Committee expressed serious reservation about the capping of YEA funds and the inadequate release of funds which could deprive the agency of the needed resources to effectively roll out its programmes and pay monthly allowances to the beneficiaries. This situation, if not addressed could affect the confidence and credibility of the programme.

**7.2.3** The Committee was informed that in 2019, YEA will place a total of 125,000 young persons in its various modules, including the Youth in Agriculture, Community Service and Security, as well as Sanitation. The committee expressed concern that a number of the beneficiaries of the

programme exit without the requisite employable skills to enable them engage in productive ventures on their own. The Committee strongly advocates the need for the YEA to place strong emphasis, in the design of its modules, on skills development and job creation so that graduates of the programme could set up their own businesses upon exiting.

### **7.3 National Pensions Regulatory Authority**

**7.3.1** The NPRA has been provided with an amount of GH¢74,392,772 for the implementation of its programmes and activities. The allocation is made up of Compensation- GH¢12,840,600.00, Goods and Services - GH¢16,601,565.00 and Capex – GH¢44,950,607.00. In line with its medium-term policy objectives, the NPRA will apply its allocation to deliver programmes aimed at enhancing the efficiency in the pension scheme management and mainstreaming the informal sector into formal pension regimes.

**7.3.2** The Committee noted that the entire budgetary allocation to NPRA will be funded from IGF. It came out during the deliberations that the NPRA has the capacity to generate more revenue for the state given the requisite staff and the needed support. The Committee therefore recommends that the Government should give the NPRA all the necessary support to enable it push the pension industry into a long term investment pool, which could offer a concessionary long term financing option for some of government's capital projects such as roads and housing.

### **7.4 The Department of Co-operatives**

**7.4.1** The Department of co-operatives, in 2018, assisted in the formation of 258 co-operative societies. Further, it conducted inspection of 245 and

audited 260 co-operative societies. In 2019, the Department projects to enroll 400 new co-operative societies, and also inspect and audit 500 existing ones.

**7.4.2** The Committee observed that the co-operative system holds a great potential for job creation if effectively harnessed. Sadly, the Department, which is generally responsible for promoting and developing the co-operative movement in Ghana and seeing to their training needs, faces various challenges such as limited staff, inadequate funding and logistical constraints. This has weakened the Department's capacity to effectively promote the co-operative system, which currently is a pale shadow of what it used to be some years back.

The Committee therefore noted with satisfaction that the Ministry has committed 66% (GH¢1,000,000.00) of its 2019 allocation for Capex to the Department of Co-operatives to enable it procure some logistics to support its operations. The Committee strongly urges the Ministry to prioritize the revamping of the co-operatives as a major policy option for job creation and economic empowerment of the citizenry, especially people in the informal sector.

#### **7.5 National Vocational Training Institute (NVTI)**

An amount of **GH¢22,293,638.28** has been allocated to the NVTI. In pursuance of its job creation objective through skills development and training, the agency will, among others, enroll 4,000 trainees and offer on-the-job training to 4,200 people. Further, the NVTI plans to register 5,000 Master Craft Persons, mobilize 2000 Master Craft Persons and Apprentices for proficiency test and Monitor workshop of 1000 Master Craft Person.

The Committee noted that NVTI's entire budgetary allocation will be generated from IGF.

## **8.0 GENERAL OBSERVATION**

The Committee observed that key challenges facing the Ministry and some of its agencies like the Department of Labour and the Department of Factory Inspectorate relate to limited resources, logistical constraints, and lack of office accommodation, among others. It came up, for instance, that the offices of the Department across the country generally operate in non-conducive infrastructure and this affects the morale of staff and the quality of service delivery.

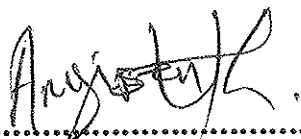
The Committee noted that although the Department of Labour and the Department of Factory Inspectorate charge fees to cover some of the services they provide to institutions, the quantum of the fees charged are very low. The Committee therefore advises the Ministry to revert to Parliament for upward revision of the fees to enable the two departments generate adequate funds internally to support their activities.

## **9.0 CONCLUSION**

The Ministry of Employment and Labour Relations plays an important role in fostering peace and social cohesion through job creation, and promotion of decent working environment and harmonious labour relations. In order to effectively play this role, it is imperative that the Ministry is adequately resourced at all times.

The Committee hereby recommends that the House approves the sum of **One Hundred and Fifty-seven Million, One Hundred and Sixty-nine Thousand, Six Hundred and Seventy-six Ghana Cedis (GH¢157,169,676.00)** for the implementation of the programmes and activities of the Ministry of Employment and Labour Relations for the 2019 financial year.


**Respectfully submitted**



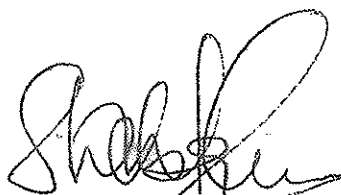
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