



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

**REPORT OF THE  
FINANCE COMMITTEE**

**ON THE**

**THE 2015 ANNUAL BUDGET ESTIMATES OF OTHER  
GOVERNMENT OBLIGATIONS**

**DECEMBER, 2014**



**REPORT OF THE FINANCE COMMITTEE ON THE 2015 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 2015 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 31<sup>st</sup> December, 2015.

The Committee met and considered the Estimates with the Hon. Minister for Finance, Mr. Emmanuel Seth Terkper, and his two Deputies, Ms. Mona K. Quartey and Mr. Cassiel Ato Baah Forson, Chief Director, Major Rtd. M.S. Tara 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 2015 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 Company (GNPC)
13. Lifeline Consumers of electricity
14. Tax Expenditure (Exemptions)
15. Tax Refunds
16. Road Arrears
17. Non-Road Arrears
18. Amortization

### 3.0 2014 ALLOCATIONS

For the 2014 financial year, a total amount of *Sixteen Billion, Eight Hundred and Twenty-nine Million, Eight Hundred and Six Thousand, Five Hundred and Forty-six Ghana Cedis (GH¢16,829,806,546.00)* was allocated to be expended on the other Government Obligations. As at 30<sup>th</sup> September, 2014, a total amount of *GH¢11,275,729,336.00* representing 67% of the budgeted amount for year under review, had been spent.

### 4.0 2015 ESTIMATES

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)* has been allocated to be expended under Government Obligations for the 2015 financial year. The allocation will be expended as follows:

DISCRIPTION	AMOUNT
<b>1. SOCIAL CONTRIBUTIONS</b>	
Pensions	750,912,602
Gratuities	216,015,954
Social Security	1,059,506,822
<b>Sub-total</b>	<b>2,026,435,378</b>

<b>2.</b>	<b>INTEREST PAYMENTS</b>		<b>GH¢</b>
	Domestic Interest	-	8,034,000,000
	External Interest (Due)	-	1,543,175,000
	<b>Sub-total</b>	-	<b>9,577,175,000</b>
<b>3.</b>	<b>SUBSIDIES</b>		
	Subsidies on Petroleum products -		50,000,000
<b>4.</b>	<b>GRANTS TO OTHER GOV,T UNITS</b>		
	National Health Fund (NHF)	-	1,185,674,914
	Ghana Education Trust Fund	-	843,899,218
	Road Fund	-	257,034,280
	Petroleum Related Fund	-	5,327,590
	DACF	-	1,585,919,077
	Transfer to GNPC	-	697,688,578
	<b>Sub-total</b>	-	<b>4,575,543,655</b>
<b>5.</b>	<b>SOCIAL BENEFITS</b>		
	Lifeline Consumers of electricity	-	60,754,863
<b>6.</b>	<b>OTHER EXPENDITURE</b>		
	Tax Expenditure (Exemptions)	-	816,355,697
<b>7.</b>	<b>OTHER PAYMENTS</b>		
	Road Arrears	-	322,306,373
	Non-Road Arrears	-	1,239,043,166
	Tax Refunds	-	508,120,621
	Amortization	-	2,799,228,500

Sub-total	-	4,868,698,660
<b>TOTAL</b>	-	<b><u>21,974,963,253</u></b>

## 5.0 OBSERVATIONS AND RECOMMENDATIONS

### *Domestic Interest Payment allocation*

The Committee observed that the 2015 allocation for interest payment (domestic) which was rightly quoted on page 165 as GH¢8,034,000,000 has wrongly been quoted on pages 168 and 175 respectively as GH¢8,014,000,000 given a variance of GH¢20,000,000 on the respective pages in the Budget Statement. The correction has therefore been effected and the Committee accordingly recommends that the Domestic Interest payments allocation should read **GH¢8,034,000,000** and not **GH¢8,014,000,000** as respectively stated on pages 168 and 175 in the 2015 Budget Statement.

The total allocation to meet the 2015 Other Government Obligations will therefore be **GH¢21,974, 963,253**.

### *Allocation for Petroleum Subsidy*

The Committee observed that though as at September, 2014, the government had spent an amount of GH¢25,000,000 on petroleum subsidies, a total amount of GH¢50,000,000 has been allocated in 2015 to cover the payment of petroleum subsidies. Officials from the Ministry of Finance however, explained that the assumption underlying the 2015 allocation is that the automatic petroleum price adjustment will continue in 2015. The allocation is therefore intended to pay for any excess that may arise in the course of the cross subsidy implementation.

### *Projections for Social Security Payments*

The Committee noted that employers' contribution of social security has been projected as 10.3 % of estimated wage bill for 2015 instead of the actual statutory figure of 13.5% of Basic Salary. Officials from the Ministry of finance explained that the 2015 estimated wage bill actually comprises other elements on which social security is not payable.

Therefore projecting the social security contribution at the 13.5% may lead to double counting and over- estimation. The officials further explained that the current system make it difficult to isolate the component of the wage bill on which social security is applicable and deductible and as such the projections are currently base on five-year average of social security payments by government. It was however, added that the Controller and Accountant-Generals' Department actually used the statutory 13.5% in the computation and payment of the actual social security payments.

### ***Outstanding Payments***

The Committee observed that as at September, 2014 outstanding payment into the NHIF stood at GH¢1,033,920,000 whilst that of GETFund was GH¢379,558,315. Outstanding Social Security payment stood at GH¢948,052,418 and that of DACF was GH¢410,223,600. The Committee was informed that, the government intends to remain current regarding social security and as a result has reached agreement with SSNIT to securitise the outstanding social security contributions arrears. Regarding NHIF, the Committee was informed that government intends to settle all arrears before the end of the 2014 financial year whilst arrangement are far advance to settle up to the second quarter DACF arrears by the end of 2014. The remaining two quarters of the arrears would however, be made in 2016 and 2017 financial years.

### ***Transfer to GNPC***

The Committee further noted that the 2015 budget earmarked the sum of GH¢679,688,578 as transfer from ABFA to the GNPC. It was explained to the Committee that the estimated Transfers to Ghana National Petroleum Corporation (GNPC) is in respect of GNPC's equity financing cost and its share of net carried and participating interest in line with Section 7 of the Petroleum Revenue Management Act 2011,(Act, 815).

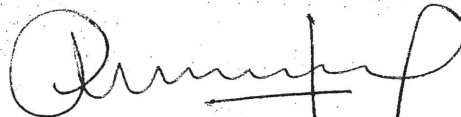
6.0 **CONCLUSION**

The Committee has carefully examined the estimates of Other Government Obligations, and recommends that the House approves the sum of *Twenty-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)* for the discharge of the listed other **Government Obligations** for the 2015 financial year.

Respectfully submitted.



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



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

**December, 2014**