

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

REPORT OF THE

FINANCE COMMITTEE

ON THE

**2013 ANNUAL ESTIMATES OF
PAYMENTS FROM THE
CONSOLIDATED FUND UNDER OTHER
GOVERNMENT OBLIGATIONS**

MARCH, 2013

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1.0 INTRODUCTION

Further to the presentation of the Budget Statement and the Economic Policy of the Government of Ghana for the year ending 31st December, 2013, the Expenditure Estimates of other Government Obligations for the 2013 financial year was referred to the Finance Committee for consideration and report in accordance with the Article 179 of the Constitution and Orders 140(5) and 169 of Standing Orders of the House.

The Committee met and considered the Estimates with the Hon. Minister for Finance, Mr. Seth Terkper and the technical team from the Ministry and reports as follows:

**2.0 COMMITMENTS ON OTHER GOVERNMENT FINANCIAL
OBLIGATIONS**

The following are the various Commitments on other Government Obligations for the 2013 financial year:

1. Principal on External Debt
2. Interest on External Debt
3. Domestic Interest
4. Pensions
5. Gratuities
6. Social Security (SSNIT)
7. Petroleum Subsidies
8. Utility Subsidies
9. District Assemblies' Common Fund (DACF)
10. National Health Fund (NHF)
11. Ghana Education Trust Fund (GETFund)
12. Road Fund
13. Petroleum Related Fund
14. Transfer to Ghana National Petroleum Company (GNPC)
15. Lifeline Consumers of electricity
16. Reserve Expenditure Vote
17. Tax Expenditure(exemptions)
18. Tax Refunds
19. Outstanding Commitments

3.0 2012 PERFORMANCE

The total of amount of **GH¢13,112,045,924.00** was allocated to be expended on the other Government Obligations for the 2012 financial year. The break-down is as follow:

Table: 2012 Performance of Other Government Obligations

S/ No	Description	2012 Budgeted GH¢	2012 provisional Outturn GH¢
1	Principal on external Debt	3,291,013,421	2,534,611,096
2	Interest on external Debt	507,802,678	556,441,100
3	Domestic Interest	1,683,360,000	1,879,711,000
4	Pensions	263,545,310	390,025,572
5	Gratuities	126,250,000	68,430,081
6	Social Security - (SSNIT)	462,500,000	53,651,800
7	District Assemblies' Common Fund -	847,087,069	406,512,700
8	National Health Fund (NHF)	682,144,067	587,236,000
9	Ghana Education Trust Fund	545,440,050	362,831,100
10	Road Fund	179,510,714	195,663,174
11	Petroleum Related Fund	8,505,592	8,844,397
12	Tax Refunds	77,069,752	163,732,207
13	Outstanding Commitments (Roads)	250,000,000	359,793,062
14	Outstanding Commitments(Non-Roads)-	2,233,833,878	3,306,296,737
15	Lifeline Consumers of electricity	31,955,623	-
16	Subsidies to Utility Companies	179,680,493	185,694,429

17	Tax Expenditure (Exemptions)	382,659,000	778,921,746
18	Reserve Fund	707,503,256	1,072,087,256
19	Transfer to Ghana National petroleum Company	361,899,288	413,273,625
20	Subsidy on petroleum products	290,285,733	623,281,229
	TOTAL	13,112,045,924	13,947,038,311

4.0 2013 ESTIMATES

A total of amount of ***Fourteen Billion, Six Hundred and Twelve Million, Four Hundred and Seventy-one Thousand, Two Hundred and Twenty-seven Ghana Cedis (GH¢14,612,471,227.00)*** has been allocated to be expended under Government Financial Obligations for the 2013 financial year as follow:

DISCRIPTION	AMOUNT
	GH¢
1. EXTERNAL DEBT SERVICE	
Principal	- 1,295,349,743.00
Interest	- 620,194,557.00
Domestic Interest	- 2,574,156,000.00

2. SOCIAL CONTRIBUTIONS

Pensions	-	640,529,794.00
Gratuities	-	211,270,317.00
Social Security		686,815,164.00

3. SUBSIDIES

Petroleum Subsidies	-	794,590,650.00
Utility Subsidies		227,621,770.00

4. TRANSFERS TO OTHER GOV,T UNITS

DACF	-	1,149,286,950.00
National Health Fund (NHF) -		917,858,409.00
Ghana Education Trust Fund-		691,457,200.00
Road Fund	-	206,696,665.00
Petroleum Related Fund	-	9,793,719.00
Transfer to GNPC	-	369,478,143.00

5. SOCIAL BENEFITS

Lifeline Consumers of electricity -		38,795,134.00
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6. OTHER EXPENDITURE

Reserve Expenditure Vote	-	726,575,456.00
Tax Expenditure (exemptions) -		1,071,127,890.00

Outstanding Commitments	-	2,070,199,666.00
TOTAL	-	<u>14,612,471,227.00</u>

5.0 OBSERVATIONS AND RECOMMENDATIONS

Allocation for Petroleum Subsidy

The Committee noted that an amount of GH¢794,590,650.00 has been allocation to cover the payment of petroleum subsidies for 2013. It was indicated that as from the second quarter of 2013, petroleum prices will be adjusted to reflect changes in the international price of crude and exchange rate fluctuations. On what informed the projection, officials from the Ministry of Finance indicated to the Committee that the allocation of GH¢794,590,650.00 for petroleum subsidies was based on the assumption that the international price of crude will average at US\$115 per barrel and an exchange rate of US\$1 = GH¢1.93.

Outstanding Payments

Some Members of the Committee requested information on the outstanding payment into the National Health Insurance Fund, GETFund and SSNIT. Officials from the Ministry informed the Committee that outstanding payment into the NHIF as at December, 2012 stands at GH¢22.2m. To ensure that the scheme is not faced with financial challenges, the Ministry further guaranteed a credit facility of GH¢140m to the scheme for its

operations which is expected to be paid back when funds are released to the Fund.

Outstanding payment to the GETFund stands at GH¢49.3m and outstanding Social Security payment stands at GH¢114m. The Committee was further informed that, the government issued a three year paper to SSNIT covering the GH¢114m it owes SSNIT. Responding to concerns about governments' ability to pay the outstanding commitments, the Minister informed the Committee that, sufficient provision has been made in the 2013 budget to pay for all outstanding commitments and arrears.

Transfers to GNPC

It was explained to the Committee that the estimated Transfers to Ghana National Petroleum Corporation (GNPC) amounting to GH¢369,478,143 for the year 2013 was 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).

Transfers to the Road Fund

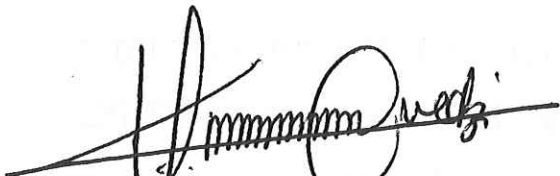
The Committee was informed that transfers to the Road Fund captured under Other Government Obligations are from petroleum levy only. Other payments are made directly into the

Fund and are captured as IGF under the relevant Ministry's estimates for 2013.

6.0 CONCLUSION

The Committee, having carefully examined the estimates of Other Government Obligations, recommends that the House approves the amount of **Fourteen Billion, Six Hundred and Twelve Million, Four Hundred and Seventy-one Thousand, Two Hundred and Twenty-seven Ghana Cedis (GH¢14,612,471,227)** for the discharge of the listed other **Government Obligations** for the 2013 financial year.

Respectfully submitted.



HON. JAMES KLUTSE AVEDZI
CHAIRMAN



ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK

22ND March, 2013