

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

**REPORT OF THE SELECT COMMITTEE ON EMPLOYMENT,
SOCIAL WELFARE AND STATE ENTERPRISES ON THE
SUBVENTED AGENCIES BILL**

1.0 INTRODUCTION

The Subvented Agencies Bill was laid before the House on 23rd November, 2005 by the Minister responsible for Public Sector Reform in accordance with Article 106(1) of the Constitution and was subsequently referred to the Committee appointed under Article 103 of the Constitution and orders 125, 152 and 184 of the Standing Orders of the House and the Committee having executed its mandate in respect of the Bill reports as follows:

1.1 REFERENCE

In considering the Bill, the Committee made reference to the following:

- i. The Statutory Corporations (Conversion to Companies) Act, 1993 (Act 461)
- ii. The Companies Code, 1963 (Act 179)
- iii. The Constitution of the Republic
- iv. The Standing Orders of the House

1.2 BACKGROUND

Successive regimes embarked upon various kinds of reforms within the past two decades. There had, nonetheless been no single legislation that was focused on streamlining the activities of Subvented Agencies in general. Besides, the creation of Subvented Agencies was premised only on need and had no laid down rigorous constitutional or legal requirements and procedures.

1.3 PURPOSE

The Bill accordingly sets out primarily to mainstreaming the monitoring and evaluation of the operations of subvented agencies to forestall the problems associated with the current state of diffusion in the performance of monitoring and evaluation among various Ministries, Departments and other Central Management Agencies.

The Bill, more importantly, envisages the reduction of the dependence by public agencies on government subvention.

The Bill further promises to enhance the efficiency of subvented agencies with the view to improving service delivery and productivity for the benefit of the country at large.

1.4 ACKNOWLEDGEMENT

The Committee is grateful to the Sector Minister, the Acting Chief Director, Officers of the Ministry, the Draftsperson and Members of the State Enterprises Commission who attended upon the Committee and assisted in the deliberations.

The Committee is also grateful to the Ghana Highways Authority for the submission of a memorandum which was helpful in the Committee's work.

2.0 DELIBERATIONS/ OBSERVATIONS

The Committee held two sittings to consider the Bill during which the Committee made a number of observations.

2.1 FINANCIAL BURDEN ON GOVERNMENT

The Committee noted with concern the heavy financial burden on government subventions by the status quo with particular reference to emoluments of personnel in subvented agencies some of which could develop the capacity to be fully independent.

The Committee observed that the continued dependence on government subventions by such public agencies especially when they could have been independent was not only wasteful but also defeated the purpose of the very concept of the Golden Age of Business.

The Committee was therefore pleased with the introduction of the Bill and hoped that it would be passed into law with dispatch.

2.2 CATEGORISATION AND EFFICIENCY

The Committee observed rather satisfactorily the potential impact of the processes leading to the categorization to the efficiency of affected public agencies.

The Committee was pleased to note that the study upon the results of which categorization is to be made among subvented agencies was in itself productivity-oriented and as a result a recipe for enhanced service delivery/ improved productivity.

The Committee observed further that even where the results of those studies dictated the closure of a public agency, the implementation of the recommendations contained in such results had economic benefits as it was aimed at cost-saving.

The categorization was particularly found to be economically useful in view of the fact that it tended to point out the strengths and weaknesses of public agencies and where necessary, the extent of subvention needed to make such agencies more vibrant thereby promoting the judicious use of public funds.

2.3 CREATION OF AGENCIES TO BE DEPENDENT ON GOVERNMENT SUBVENTION

The Committee observed with regret that, in the past, certain public agencies were created to play roles which could have been performed as additional responsibilities by existing agencies in a way

to introducing order into the creation of such public agencies. The absence of legal/ constitutional limitations was identified as the main cause of this phenomenon.

It was in this light that the Committee noted with delight the introduction of the Bill which obliged the establishment of public agencies, other than those set up for commercial purposes, in accordance with the provisions of Article 192 of the Constitution which enjoin public corporations to be set up under an Act of Parliament.

3.0 RECOMMENDATION

The Committee, convinced that the Bill when passed into law will indeed promote efficiency in the management of public agencies thereby improving their profitability in respect of realizing the objectives for their establishment recommends to the House to pass the Bill into Act.

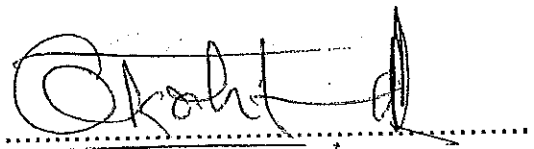
4.0 CONCLUSION

Cognizant of the need to achieve the targets of the GPRS II through the enhancement of job and wealth creation, it is necessary to create a conducive environment that promotes the introduction of specialization in the activities of both the private and public sectors to enable the country as a whole reap the benefits of such specialization which include efficiency, enhanced productivity/ performance,

improved financial benefits (where applicable), increased employment, etc.

In this light, the Committee urges the House, subject to the consideration of the proposed amendments contained in the attached Appendix 1, to pass the Subvented Agencies Bill into law.

Respectfully submitted.



PAUL OKOH

CHAIRMAN OF THE COMMITTEE



RICHARD ACHEAMPONG
CLERK TO THE COMMITTEE

9th December 2005

APPENDIX 1

PROPOSED AMENDMENTS

1) Page 3, Clause 5, Sub-Clause 1

Insert "and may be closed down" after 'subvention'

Delete the sub-clauses for Clause 5 to read as follows:

"A category I subvented agency is an agency which ceases to receive subvention and may be closed down".

2) Page 3, Clause 6(d)

delete "end-of-service" between 'other' and 'employment'

3) Page 4, Clause 9

i. delete 'criteria' and insert "criterion"

ii. insert "or not the public agency performs a core function of the government" after 'whether'

iii. delete sub-clauses (a) and (b) for Clause 9 to read as follows:

"The criterion for classification of a category II subvented agency shall be whether or not the public agency performs a core function of the government".

4) Page 4, Clause 13(a)

rephrase the sub-clause to read as follows: "on the advice of the Commission, make proposals to the governing board for the operation of the agency's commercial activities".

5) **Page 5, Clause 13©**

insert "subject to Article 181 of the Constitution," before 'assist'

6) **Page 5, Clause 14(2)**

recast the entire sub-clause into sub sub-clauses as follows:

"(a) Where the statutory subvented agency does not at any time have a governing board, the sector Minister shall, within three months of being aware of that fact, appoint a governing board.

(b) Until a governing board is appointed under sub-section (a) the functions of the governing board shall be performed by the Minister."

7) **Page 5, Clause 16**

delete 'a public corporation under' and insert "established in accordance with" for the Clause to read as follows: "A subvented agency other than one set up as a commercial venture in category IV shall be established in accordance with Article 192 of the Constitution."

8) **Back page, Clause 18**

delete 'after consultation with' and insert "acting in accordance with the recommendations of"

9) **Back page, Clause 19, line 12**

insert "except otherwise indicated" between 'means' and 'Minister' for the interpretation of "Minister" to read as follows: **"Minister" means, except otherwise indicated, Minister responsible for Public Sector Reform.**