

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

**REPORT OF THE SELECT COMMITTEE
ON MINES AND ENERGY**

ON THE

**NATIONAL PETROLEUM AUTHORITY
(AMENDMENT) BILL, 2015**

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AND ENERGY ON THE NATIONAL PETROLEUM AUTHORITY
(AMENDMENT) BILL, 2015**

1.0 INTRODUCTION

The National Petroleum Authority (Amendment) Bill, 2015 was laid in Parliament by the Hon. Minister for Petroleum, Mr. Emmanuel Armah-Kofi Buah on 2nd February, 2016 in accordance with Article 106 of the Constitution.

The Amendment Bill was subsequently referred to the Select Committee on Mines and Energy by the Rt. Hon. Speaker for consideration and report pursuant to Orders 156 and 188 of the Standing Orders of the House.

2.0 DELIBERATIONS

The Select Committee met with the Hon. Minister for Petroleum, Mr. Emmanuel Armah-Kofi Buah and Officials of the Ministry to consider the Bill. In attendance were Officials of the National Petroleum Authority (NPA) to assist the Committee in its deliberations.

The Committee expresses gratitude to the Hon. Minister and the Officials for providing clarifications on matters raised at the meeting.

3.0 REFERENCE DOCUMENTS

The Committee referred to the under-listed documents in its deliberations:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Standing Orders of Parliament; and
- iii. The National Petroleum Authority Act, 2005 (Act 691).

4.0 BACKGROUND INFORMATION

The Government of Ghana adopted Full Deregulation Policy in 2005 to halt its continuous intervention in the pricing of petroleum products in the country. The Policy was also meant to ensure full cost recovery and uniformity in pricing of petroleum products by allowing the market to determine prices.

For the purpose of facilitating the implementation of the Policy, the National Petroleum Authority Act, 2005 (Act 691) was passed in the year 2005 to establish the National Petroleum Authority (NPA) to provide the framework

for the regulation of the petroleum deregulated market. Amongst the key mandate of the NPA under the Act is to determine prices of petroleum products in the country through the application of the prescribed petroleum formula.

However, with the commencement of the implementation of the price liberalization under the Deregulation Policy, the NPA has ceased to determine prices of petroleum prices. Currently, petroleum service providers determine the indicative maximum ex-refinery and ex-pump prices in the country. The new dispensation has therefore confined the role of the NPA to the monitoring of the application of the formula.

It therefore became necessary to amend the National Petroleum Authority Act, 2005 (Act 691) to align it with the full price liberalization regime and to also redefine the role of the NPA in that regard.

5.0 OBJECT OF THE BILL

The object of the Bill is to amend the National Petroleum Authority Act, 2005 (Act 691) to extend its application to cover the implementation of the full price liberalization regime with respect to the pricing petroleum products, in line with the deregulation policy approved by Cabinet in 2005.

6.0 SUMMARY OF PROVISIONS

The Bill contains four Clauses and provides for the following:

- 6.1 Clause 1 amends Section 2 of the National Petroleum Authority Act, 2005 (Act 691) to reflect the change in the role of the NPA.
- 6.2 Clauses 2 and 3 also seek to redefine “Ministry” and “Liquefied petroleum gas distributor”..
- 6.3 Clause 4 further amends the interpretation section to reflect to reflect what currently pertains in the sector.

7.0 OBSERVATIONS

The Committee made the following observations during its deliberations:

7.1 NPA’s New Role in the Determination of Petroleum Prices

The Committee noted that the passage of the Bill will change the role of the NPA in the determination of prices of petroleum products in the country.

Under the full price liberalization regime, NPA's new role will be to monitor the calculation of petroleum prices by service providers through the application of the prescribed formula set out in the National petroleum Authority (Prescribed Petroleum Pricing Formula) Regulations, 2012 (L.I 2186). To ensure the effective discharge of its new functions, the NPA intends to collate the prices set by the service providers and publish them in newspapers for the attention of the general public. The Committee believes that such a provision would afford consumers the opportunity to compare prices offered by Oil Marketing Companies (OMCs) and thereby engender competition in the pricing of petroleum products for the benefit of consumers.

7.2 Stabilization Margin

The Committee also noted that the Bill seeks to expand the components of the prescribed petroleum pricing formula set out in Act 691 to include a stabilization margin. The Committee was informed by Officials of the NPA that the amendment is intended to provide for the mitigation of hikes in petroleum prices to protect consumers. The Committee however objected to the amendment on the ground that matters relating to the stabilization of petroleum prices does not lie within the mandate of the NPA but rather the duty of the Government acting through the Ministry of Finance to adopt appropriate strategies to address high petroleum prices. The Committee accordingly proposes an amendment to in this regard.

8.0 PROPOSED AMENDMENTS

- i. Clause 1 - Amendment Proposed – Line 2, after “national circulation” add “and at the website of the Authority”.
- iii. Clause 3 - Amendment proposed – line 1, delete, “liquid” and insert “liquefied”
- iv. Clause 4 - Amendment proposed – paragraph (a) (i), line 2, delete “Liquid petroleum Gas distributor” and insert “LPG distributor” and delete “liquid” and insert “liquefied” wherever it appears in the paragraph.
- v. Clause 4 - Amendment proposed – Delete paragraph (a) (iv).

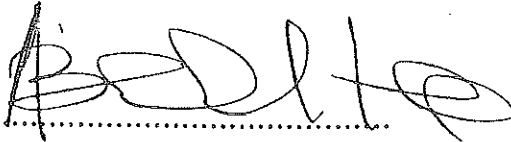
- vi. Clause 4 - Amendment proposed – Delete paragraph (b).

9.0 CONCLUSION AND RECOMMENDATION

The Committee has carefully examined the Amendment Bill in line with the Constitution and the National Petroleum Authority, 2005 (Act 691) and believes that the passage of the Bill will provide the legal regime necessary for the implementation of Full Deregulation Policy to competitive pricing of petroleum products in the country.

The Committee therefore recommends to the House to adopt its Report and to pass the National Petroleum Authority (Amendment) Bill, 2015 in accordance with Article 106 of the Constitution and the Standing Orders of the House.

Respectfully submitted.



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HON. AMADU BUKARI SOROGHO
CHAIRMAN, SELECT COMMITTEE
ON MINES & ENERGY



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PEACE FIAWOYIFE (MS.)
CLERK TO THE COMMITTEE

MARCH, 2016

