

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

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**REPORT OF THE COMMITTEE ON  
ROADS & TRANSPORT**

*ON THE*

**GHANA ROAD FUND ANNUAL  
REPORT AND ACCOUNTS  
FOR YEAR 2001**

*JULY 2004*

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## **1.0 INTRODUCTION**

1.1 Section 18 (2) of the Road Fund Act, 1997 (Act 536) enjoins the Minister of Roads & Transport to submit to Parliament, an Annual Report and Accounts dealing generally with activities of the Ghana Road Fund during the financial year to which the Report and Accounts relate.

Accordingly, the 2001 Ghana Road Fund Annual Report and Accounts were laid before the House and referred to the Committee on Roads & Transport on Wednesday, 4<sup>th</sup> February 2004, for consideration and Report in accordance with Article 103 (3) of the Constitution and Order 189 of the Standing Orders of the House.

1.2 In deliberating on the Report and Accounts, the Committee had the benefit of further clarification from the Director of the Ghana Road Fund Secretariat, a representative from Messrs Deloitte and Touchè (Financial Auditors of the Ghana Road Fund) and officials of the following Agencies:

- a. Ghana Highway Authority (GHA)
- b. Department of Feeder Roads (DFR)
- c. Department of Urban Roads (DUR)

The Committee is grateful to them for attending upon it to assist in its deliberations.

## **2.0 REFERENCE DOCUMENTS**

In considering the referral, the Committee made reference to the following documents:

- a. The 1992 Constitution of the Republic of Ghana.
- b. The Standing Orders of the House.
- c. The Road Fund Act, 1997 (Act 536).
- d. The Road Tolls Regulations, 1999 (L.I. 1660)
- e. The Bridge Tolls (Amendment) Regulations, 1999 (L.I. 1655)
- f. The 2001 Ghana Road Fund Annual Report and Accounts.

## **3.0 BACKGROUND INFORMATION**

The Ghana Road Fund was set up in 1985 to create a secure source of funding for maintenance of all public roads. Operating under the Road Fund Act, 1997 (Act 536), the Ghana Road Fund aims at financing routine and periodic maintenance, upgrading and rehabilitation of public roads in the country, assisting Metropolitan, Municipal and District Assemblies in the exercise of their functions which are relevant to public roads as well as helping in road safety activities.

Currently, the Fund derives its revenue from fuel levy on diesel, petrol, vehicle registration fees, road use fees, road and bridge tolls and international transit fees. This Fund is the major source of revenue for the beneficiary agencies (GHA, DFR, DUR, National Road Safety Commission (NRSC), Driver and Vehicle Licensing Authority



(DVLA) and the Ministry of Roads & Transport) to preserve and improve existing roads through routine and periodic maintenance, for rehabilitation of roads and promoting road safety activities. The education of the populace on road safety measures to curb road accidents is also enhanced with the support of the Fund.

#### **4.0 MANAGEMENT OF THE FUND**

As provided for under the Road Fund Act, the Fund is managed by a thirteen (13) Member Board comprising eight (8) members from the Private Sector and five (5) members from the Public Sector with the Minister of Roads & Transport as its Chairman. The Board is assisted in its day to day activities by a Secretariat that implements policies and provides effective professional management of the Fund.

#### **5.0 OBSERVATIONS AND RECOMMENDATIONS**

##### **5.1 Violation of Statutory Provisions**

Section 18(1) of the Road Fund Act, 1997 (Act 536), states:

*"The Board shall submit to the Minister as soon as practicable and in any event not more than six months after the end of each financial year a report dealing generally with the activities and operation of the Fund during the year to which the report relates and shall include:*

- a. the audited accounts of the Fund and the Auditor-General's report on the accounts of the Fund;*

*b. such other information as the Board may consider necessary."*

Section 18(2) of the same Act also provides that:

*"The Minister shall within two (2) months after the receipt of the annual report submit the report to Parliament with such statement as he considers necessary."*

The Committee noted that these provisions were not complied with by the Ghana Road Fund Board. For instance, the 2001 Annual Report and Accounts were laid before Parliament in February this year instead of it being laid in year 2002 in compliance with the provisions of Section 18(1) and (2) of the Road Fund Act, 1997 (Act 536). Thus, the presentation of the Report and Accounts to Parliament was more than a year behind schedule.

The Committee was not happy with this state of affairs and urges the Ghana Road Fund Board and the Minister of Roads & Transport to endeavour to comply with the provisions of the Act.

## **5.2 Revenue Generation**

The Committee observed that, the road use fee which is a source of revenue generation into the Fund has not been revised since its introduction in 1999. It further observed the need for new roads which are eligible for tolling to be tolled and toll rates (another

source of revenue generation) to be increased since they have been at their present level for about five (5) years. This situation had an effect on revenue generated into the Fund for the year under review.

A total net revenue of ₵358.2 billion was therefore generated into the Fund in year 2001 as against a projected revenue of ₵360.8 billion. Thus, there was a shortfall of ₵2.6 billion, which the Committee noted, was due to lower road use fees, toll rates, and vehicle registration fees.

With a view to ameliorate this situation, the Committee was informed by the Director of the Ghana Road Fund Secretariat that a proposal has been sent to cabinet through the Minister of Roads & Transport for the approval of an upward revision of the road use fees and the approval for new roads to be tolled. Below is a list of new toll roads which is yet to be presented to Parliament for approval:

- ❖ Adenta - Dodowa
- ❖ Yamoransa \_ Takoradi
- ❖ Awaso – Bibiani – Gambia
- ❖ Atimpoku – Ho – Denu
- ❖ Yamoransa – Anwiankwanta

The Committee thus, urges the Minister of Roads & Transport to expedite action to ensure the approval of the upward revision of the road use fees, toll rates and the tolling of new roads by the Ministry.



**TABLE 2**

**SUMMARY OF PHYSICAL PERFORMANCE OF ROAD AGENCIES IN 2001**

AGENCY	TYPE OF ACTIVITY	PLANNED		ACHIEVED			
		BUDGET ALLOCATED ₱	PHYSICAL WORK KM	ACTUAL DISBURSEMENT		PHYSICAL WORK DONE	
				AMOUNT ₱	%	LENGTH KM	%
GHA	ROUTINE	45.0	11,519.0	32.5	72.2	5,529.0	48.0
	PERIOD	107.0	929.3	118.3	110.6	596.2	64.2
	SUB-TOTAL	152.0	-	150.8	99.2	-	-
DFR	ROUTINE	28.1	12,300.0	15.4	15.8	8,452.0	68.7
	PERIOD	75.1	2,320.0	62.5	83.2	1,425.0	61.4
	SUB-TOTAL	103.2	-	77.9	75.5	-	-
DUR	ROUTINE	18.8	594.0	21.7	84.1	594.0	100.0
	PERIOD	71.3	220.0	54.8	76.9	119.5	54.3
	SUB-TOTAL	90.1	-	76.5	84.9	-	-
MRT	EMERGENCY	15.6	-	8.0	51.3	-	-
TOTAL	ROUTINE	91.9	24,413.0	69.6	75.7	13,981.0	57.3
	PERIOD	269.0	3,469.3	243.6	90.6	2,140.7	61.7
	TOTAL	360.9	-	313.2	86.8	-	-

The Committee however observed from table 3 below that, financial management of routine and periodic maintenance contracts by GHA, DFR and DUR leaves much to be desired. The total over expenditure by the three (3) Agencies amounted to about ₱91.9 billion. The details are shown in table 3 below:

**TABLE 3**  
**Summary of Expenditure by the Road Agencies**  
**on Maintenance Programmes**

AGENCY	TYPE OF ACTIVITY	PLANNED				ACHIEVED		VARIANCE (OVER/ UNDER EXPENDI-TURE) $\phi$ bn
		BUDGETED OUTPUT KM	BUDGETED TOTAL COST $\phi$ bn	BUDGETED UNIT COST $\phi$ bn	ALLOWED BUDGETED EXPENDI-TURE FOR ACTUAL OUTPUT $\phi$ bn	ACTUAL OUTPUT KM	ACTUAL EXPENDI-TURE $\phi$ bn	
GHA	ROUTINE	11,519.0	45.0	0.0039	21.6	5,529.0	32.5	(10.9)
	PERIODIC	929.3	107.0	0.1151	68.6	596.2	118.3	(49.7)
DFR	ROUTINE	12,300	28.1	0.0023	19.4	8452.0	15.4	4.0
	PERIODIC	2,320	75.1	0.0324	46.2	1425.0	62.5	(16.3)
DUR	ROUTINE	594	18.8	0.0316	18.8	594.0	21.7	(2.9)
	PERIODIC	220	71.3	0.3241	38.7	119.5	54.8	(16.1)
<b>TOTAL</b>		27,882.3	345.3	-	213.3	16715.7	305.2	91.9

As shown in table 3,  $\phi$ 345.3 billion was budgeted for the maintenance of 27,882.3 kilometres of road. However, a total of 16,715.7 kilometres of road was maintained at a total cost of  $\phi$ 305.2 billion at the end of the year under review. This accounts for the adverse variance or over expenditure of  $\phi$ 91.9 billion.

Several reasons were adduced by the Agencies for this state of affairs. These included payment of arrears for the previous year's



contracts, the diversified nature of works carried out under the general heading of periodic maintenance etc. Notwithstanding these reasons given by the Agencies, the Committee is of the view that not much diligence was exercised in the financial management of the contracts.

The Committee therefore urges the Ghana Road Fund Board to institute a mechanism for ensuring diligent monitoring and supervision of funds disbursed by the Agencies.

## **5.6 REPORT OF THE TECHNICAL AUDITORS**

The Committee observed from the Report of the Technical Auditors that, the road agencies are handicapped in terms of staff. The report made reference to the fact that although the technical procedures and control mechanisms employed by the implementing agencies were good, staffing problems inhibited good supervision of projects located in remote areas. Thus, some projects were completed on schedule while many others were behind schedule. Quality of work was good in areas where they had a full complement of staff.

The Report further indicates that, delays in the completion of projects, poor performance and sometimes abandonment of project sites were also due in part to the current system of evaluation and awarding of contracts to few contractors, who are already overburdened with many contracts more than they can handle or cope with simultaneously.

The Committee therefore, urges the implementing agencies to take measures to increase their staff strength to cater for the needs of remote areas in the country. Efforts should also be made by the Ministry of Roads & Transport to ensure that there are limits to contracts awarded to contractors in order to avoid a situation where one contractor will be undertaking so many projects. This will ensure proper supervision of projects and better performance of contractors.

5.7 The Committee urges the Ghana Road Fund Secretariat to include notes explaining the detailed utilization of funds in subsequent Report and Accounts to the House.

5.8 Finally, the Committee recommends that a copy of this report be forwarded to the Ghana Road Fund Board to enable it take note of the concerns of Parliament on the performance of the Agencies.

## **6.0 CONCLUSION**

A regular maintenance of the country's road network is necessary for improving the quality of accessible roads to ensure the movement of people and freight haulage. However, the maintenance of our roads in year 2001 fell below expectation due to the several reasons stated above. Efforts should therefore be made by the Ghana Road Fund Board to ensure that, expenditure incurred or amounts certified for various projects are commensurate with work executed.

Accordingly, the Committee recommends to the House for adoption, the year 2001 Annual Report and Accounts of the Ghana Road Fund.

Respectfully submitted.



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**ABIGAIL ABA ANSO (Ms.)**  
**(CLERK TO THE COMMITTEE)**



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**HON. S. K. SARFOH**  
**(CHAIRMAN, COMMITTEE**  
**ON ROADS & TRANSPORT)**

**6<sup>TH</sup> JULY, 2004**