

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

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

ON THE

**2017 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF AVIATION**

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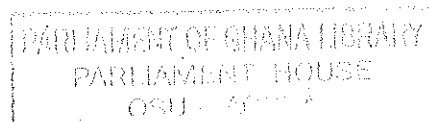
MARCH, 2017

Acc No 520
AE.MOA/2017 C2

**REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE
2017 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF AVIATION**

1.0 INTRODUCTION

- 1.1 On Thursday, 2nd March, 2017, the Minister for Finance, Mr. Ken Ofori Atta in fulfilment of Article 179 of the 1992 Constitution presented to the House, the 2017 Budget Statement and Economic Policy of Government.
- 1.2 In accordance with Standing Orders 140 (4) and 189 of the House, the Budget Estimates of the Ministry of Aviation were referred to the Committee for Roads and Transport for consideration and report.
- 1.3 The Committee on Monday, 20th March, 2017 met with the sector Minister, Hon. Cecilia Abena Dapaah, the Chief Planning Officer and heads of agencies of the sector ministry and reports as follows:
- 1.4 The Ministry of Aviation is a newly created Ministry and the 2017 budget estimates covers the main ministry and two agencies namely:
- (i) Ghana Airports Company Limited (GACL) -responsible for planning, developing, managing and maintaining all airports and aerodromes in Ghana, and
 - (ii) Ghana Civil Aviation Authority (GCAA) - responsible for the regulation of the air transport industry in Ghana and provide navigation services within the Accra Flight Information Region (FIR).



2.0 REFERENCE DOCUMENTS

The Committee made references to the following documents during the consideration of the Estimates:

- (i) The 1992 Constitution of the Republic of Ghana,
- (ii) The Standing Orders of Parliament,
- (iii) The Budget Statement and Economic Policy of the Government for the 2017 financial year,
- (iv) The Medium Term Expenditure Framework (MTEF) for 2016-2018 Programme based budget Estimates for 2017 for the Ministry of Aviation; and
- (v) The Report of the Committee on the 2016 Estimates for the Ministry of Transport.

3.0 VISION OF THE MINISTRY OF AVIATION

3.1 The Vision of the Ministry of Aviation is to create an integrated, modally complementary, cost effective, safe, secure, sustainable and seamless transportation system responsive to the needs of society, supporting growth and poverty reduction and capable of establishing Ghana as a transportation hub of West Africa.

4.0 MISSION, CORE FUNCTIONS AND POLICY OBJECTIVES

4.1 Mission

4.1.1 The Ministry's Mission is to provide leadership and guidance for the development of the Transport Sector through effective policy formulation, market regulation, asset management and service provision.

4.2 Core Functions

4.2.1 The core functions of the Aviation Ministry includes:

- (i) Policy formulation and co-ordination of the aviation sector,

- (ii) Sector governance (policy, finance, regulations, capacity building)
- (iii) Oversight responsibility for sector agencies,
- (iv) Sector performance management, monitoring, evaluation and reporting,
- (v) Sector development, promotion and enabling measures including research and public information,
- (vi) Co-ordinating and integrating sector plans and strategies, including integration with other sector ministries.

In addition, the Ministry also grants approval for licensing of air transport operations and negotiates bilateral air services agreements with trading partners.

4.2 Policy Objectives

4.2.1 The Policy Objectives of the Ministry as stated in the Ghana Shared Growth and Development Agenda (GSGDA II) are as follows:

- (i) Establish Ghana as a Transportation Hub for the West African Sub-Region,
- (ii) Create a sustainable, accessible, affordable, reliable, effective, efficient, safe and secure transport system that meets the user needs,
- (iii) To develop and integrate land use, transport planning, development planning and service provision,
- (iv) To create appropriate environment for Private Sector Participation in the delivery of Transport Infrastructure,
- (v) To Develop and implement a comprehensive and integrated Policy, Governance and Institutional Frameworks,
- (vi) Ensure sustainable development in the Transport Sector; and

- (vii) Develop adequate human resource capacity and apply new technology.

5.0 ACHIEVEMENTS IN 2016 FISCAL YEAR

5.1 Management and Administration

5.1.1 The Ghana Airport Company Limited completed feasibility studies for the establishment of a National Airline. The Transaction Advisor is awaiting approval from the Public Private Partnership (PPP) Approval Committee of the Ministry of Finance to request for proposal from prospective investors.

5.2 Aviation Infrastructure Development and Management

5.2.1 Phase 1 of the re-construction and extension of the runway at the Tamale Airport has been completed. The Cabinet, Parliamentary and Public Procurement Authority (PPA) approvals have been obtained for the Financial and Commercial agreements for the phase 2 of this Airport rehabilitation works. These works include the construction of terminal building, reinforced concrete aprons, among others.

5.2.2 The phase 1 of the Kumasi Airport which involved the strengthening of the runway, installation of Aeronautical Ground Lighting (AGL) system and Instrument Landing Systems were completed during the year under review.

5.2.3 Again for phase 2 of the rehabilitation works, the Cabinet, Parliamentary and PPA approvals were obtained for Financial and Commercial agreements, and subsequently both have been signed. The works include construction of terminal building, reinforced concrete aprons, among others

5.2.4 The KIA terminal 2 expansion and remodelling of arrival hall is 90% completed.

- 5.2.5 The construction of new terminal building at KIA (terminal 3) to accommodate more passengers for arrival, immigration and baggage claims, is 30% completed.
- 5.2.6 The construction of runway, apron, taxi link, terminal building, rescue and fire fighting building, control tower and access road at the Ho Airport is about 65% completed.
- 5.2.7 The construction of a Southern Apron at KIA for eight (8) wide body aircraft is also 82% completed.
- 5.2.8 The construction of the first phase of the Wa Airport which include construction of terminal building, car park and access roads to the car park including marking of the runway have been completed.
- 5.2.9 The KIA Development phase III which entails the reconstruction of taxiway and apron, provision of AGL and the extension of fuel main from the fuel farm to the freight apron, is 87% completed.
- 5.2.10 The construction of the Ghana Aviation Training Academy is also fully completed.
- 5.2.11 In the construction of the Air Navigation Services building at KIA, work is on-going at the site
- 5.2.12 An in-house Committee conducted studies for the Technical viability to decouple the regulator that is, Ghana Civil Aviation from the Air Navigation Services Provider. An external consultant would then be engaged in that respect for final validation.
- 5.2.13 At the Tamale Airport, the installation of instrument landing system is 75% completed.
- 5.2.14 The installation of ATM system/voice recorder at KIA is 75% complete and an Agreement was signed for the installation of Navigational Equipment (New VSAT Network) at KIA.

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6.0 FINANCIAL PERFORMANCE FOR 2016

6.1 The Ministry is a newly created ministry, and as a result no financial outlay was incurred on the Ministry in 2016 with respect to the execution of programmes and activities.

7.0 BUDGETARY ALLOCATIONS FOR THE MINISTRY OF AVIATION AND ITS AGENCIES FOR 2017

7.1 The Ministry of Aviation and its Agencies were given a budget allocation of GH¢59,392,362.00 for the 2017 fiscal year. The breakdown per expenditure items are as follows:

TABLE 1: BUDGETARY ALLOCATION FOR THE MINISTRY OF AVIATION AND ITS PROGRAMMES

PROGRAMME	GOG (GH¢)			DONOR (GH¢)		GRAND TOTAL (GH¢)
	Compensation	Goods and Services	Assets	Goods and Services	Assets	
Management and Administration	816,102	5,000,000	1,000,000	-	-	6,816,102
Aviation Infrastructure Development and Management	-	-	-	10,515,252	42,061,008	52,576,260
TOTAL	816,102	5,000,000	1,000,000	10,515,252	42,061,008	59,392,362

TABLE 2: 2017 BUDGET ALLOCATION

EXPENDITURE ITEM	GOG (GH¢)	DONOR (GH¢)	TOTAL (GOG)
Compensation	816,102	0.00	816,102
Goods and Services	5,000,000	10,515,252	15,515,252
Assets	1,000,000	42,061,008	43,061,008
TOTAL	6,816,102	52,576,260	59,392,362

Table 2 shows the allocation activity area

An amount of GH¢816,102 was earmarked for compensation, for Goods and Services GH¢5,000,000 and donor funding of GH¢10,515.252 totalling GH¢15,515,252 was allocated and Assets of GH¢1,000,000 of GoG and donor of GH¢42,061,008 totalling GH¢43,061,008

TABLE 3

MDA PLANNED BUDGET 2017 AGAINST APPROVED CEILING

ITEMS	APPROVED CEILING (GH¢)	PLANNED BUDGET (GH¢)	VARIANCE (GH¢)	VAR %
COMPENSATION OF EMPLOYEES	816,102.00	816,102.00	0.00	0.00
GOODS AND SERVICES	5,000,000.00	4,361,139.00	638,861	14.6
ASSETS	1,000,000.00	6,069,400.00	(5,069,400.00)	(83.5)
TOTAL GoG	6,816,102.00	11,246,641.00	(4,430,539.00)	(39.4)
IGF	0.00	0.00	0.00	0.00
DONOR	52,576,260.00	213,011,530.00	160,435,270.00	(75.3)
GRAND TOTAL	59,392,362.00	224,258,171.00	(164,865,809.00)	(73.5)

8.0 PROGRAMME OUTLOOK FOR 2017

8.1 Management and Administration

8.1.1 In 2017 it is expected that the selection process for the establishment of a national airline for a strategic partner would be completed.

8.2 Aviation Infrastructure Development and Management

8.2.1 Phase 2 of the Tamale Airport comprising the construction of modular airport terminal building with approximately 5,000m² Hajj Terminal, reinforced concrete aprons, Access road, car park and other airport facilities would be 35% completed in year 2017.

8.2.2 Phase 2 of the Kumasi Airport involves the construction of a new terminal building with approximately (5,800m²), construction of new Apron, extension of existing runway and other airport facilities to accommodate medium range aircraft. The project would be 35% completed during the year.

8.2.3 KIA Terminal 2 expansion and the remodelling of arrival hall at KIA would be 100% functional and completed during the year.

8.2.4 Construction of new terminal building (terminal 3) at KIA to accommodate more passengers for arrival, immigration and baggage claims would be 80% completed.

8.2.5 The construction of runway, apron, taxi link, terminal building, rescue and firefighting building, control tower and access road at Ho Airport would be 100% completed this year.

8.2.6 Construction of a southern apron at KIA for eight (8) wide body aircraft would be completed this year.

8.2.7 Construction of the first phase of the Wa Airport has been completed and would be opened for commercial operations this year.

8.2.8 The KIA development phase III which involves the reconstruction of taxiway and apron, provision of AGL, extension of fuel main from the fuel farm to the freight apron would be 100% completed.

8.2.9 The Ghana Aviation Training Academy would increase the number of courses to ensure a high patronage of students.

8.2.10 The construction of Air Navigation Services building at KIA would be 40% completed this year.

8.3 Aviation Regulation, Certification, Security and Safety Management

8.3.1 The in-house committee conducting studies for technical viability would complete the technical viability to decouple the regulator from the Air Navigation Services Provider this year and would engage the external consultant to validate the study.

8.3.2 The installation of Instrument Landing System at Tamale Airport would be fully functional and completed this year.

8.3.3 The installation of ATM system and voice recorder at KIA would be completed.

8.3.4 Work would begin this year on the installation of Navigational Equipment (New VSAT Network) at KIA.

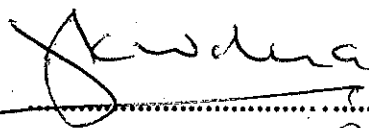
10.0 OBSERVATIONS AND RECOMMENDATIONS

- 10.1 The Ministry requested for a total sum of GH¢6,069,400 to procure office equipment and vehicles to undertake its planned activities. However, it was allocated only GH¢1,000,000, leaving a gap of GH¢5,069,400. With the shortfall the Ministry would therefore not be able to facilitate its activities effectively considering the fact that it is a new Ministry.
- 10.2 The Committees' attention was drawn to the fact that the House has approved a loan facility for the construction and upgrading of the Kumasi Airport (Phase 2). However, a careful look at the budget revealed that no budgetary allocation has been made to the Ministry of Aviation to enable it pursue this project although the Commercial Agreement has been signed. The Committee, therefore, recommends to the House to urge the Minister of Finance to take the needed steps to resolve this issue so that the Kumasi Airport project is not stalled.
- 10.3 The Committee was informed that the prices of domestic airfares were very high discouraging passengers from patronising domestic airlines. This is impacting negatively on domestic travels. There is therefore the need for Government to intervene to make domestic travels attractive. The 17.5% VAT on domestic travels is one of the suffocating levies that is making the fares high. The Committee recommends to the House to urge the Ministry of Finance to expedite its efforts to abolish this tax.

11.0 CONCLUSION


To enable the Ministry, execute its programmes and activities, the Committee unanimously recommends that the House adopts the report and approve the sum of Fifty-Nine Million, Three Hundred and Ninety-Two Thousand, Three Hundred and Sixty-Two Ghana Cedis (GH¢59,392,362.00) for the Ministry of Aviation for the 2017 Financial Year.

Respectfully submitted.



HON. KWABENA OWUSU-ADUOMI
CHAIRMAN, COMMITTEE ON ROADS
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MR. ASANTE AMOAKO-ATTA
CLERK, COMMITTEE ON ROAD
TRANSPORT