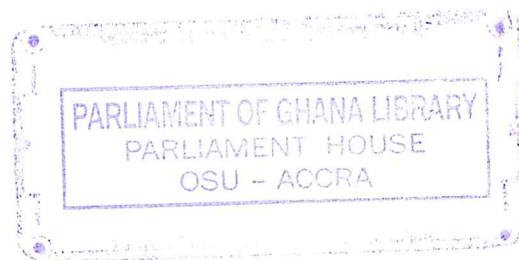


**IN THE FIRST SESSION OF THE SEVENTH
PARLIAMENT OF THE FOURTH REPUBLIC**

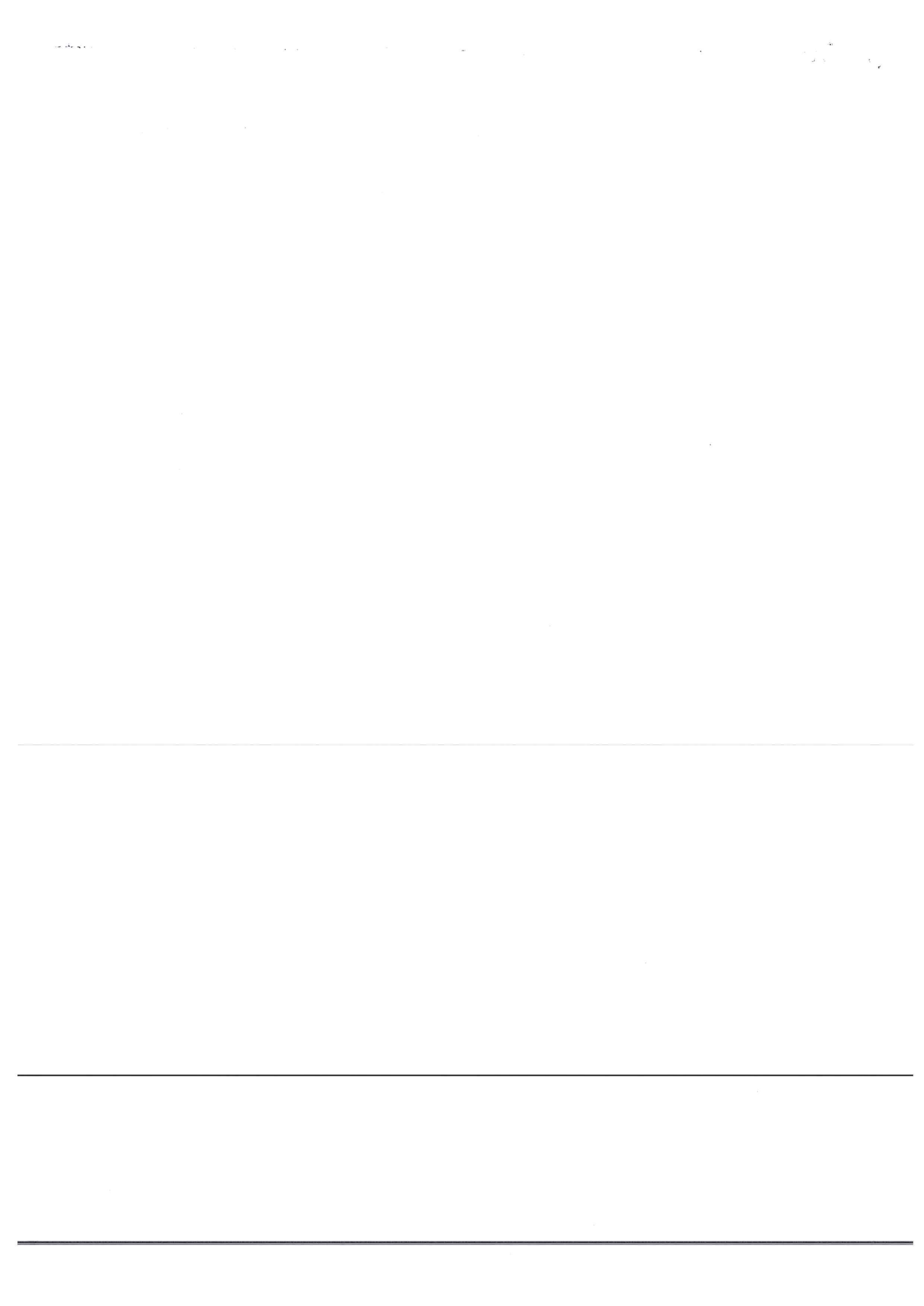
**REPORT OF THE COMMITTEE ON WORKS
AND HOUSING**

ON THE



**2017 BUDGET ESTIMATES OF THE
MINISTRY OF WORKS AND HOUSING**

MARCH, 2017



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

**REPORT OF THE COMMITTEE ON WORKS AND HOUSING ON THE 2017 ANNUAL
BUDGET ESTIMATES OF THE MINISTRY OF WORKS AND HOUSING**

1.0 INTRODUCTION

In accordance with Article 179 of the Constitution and Standing Order 140(4) of the Standing Orders of the House, the 2017 Annual Estimates of the Ministry of Works and Housing were referred to the Committee on Works and Housing. This followed the presentation of the Budget Statement and Economic Policy of the Government for the financial year ending 31st December, 2017 by the Hon. Minister for Finance, Ken Ofori-Atta on Thursday, 2nd March 2017.

The Hon. Minister for Works and Housing, Mr. Samuel Atta-Akyea and a technical team from the Ministry assisted the Committee with its deliberations. Officers from the Ministry of Finance were also at the meetings and provided clarifications and explanations to the issues raised by the Committee.

The Committee is grateful to the Hon. Minister, and his technical team as well as the officers from the Ministry of Finance for the assistance.

2.0 REFERENCE

The Committee referred to the following documents during its deliberations:

- a) The 1992 Constitution of Ghana;
- b) The Standing Orders of the Parliament of Ghana;

- c) The Budget Statement and Economic Policy of the Government of Ghana. for the 2016 Financial Year;
- d) The 2016 Annual Estimates of the erstwhile Ministry of Water Resources, Works and Housing;
- e) The Budget Statement and Economic Policy of the Government of Ghana. for the 2017 Financial Year; and
- f) The 2017 Annual Estimates of the Ministry of Works and Housing.

3.0 VISION OF THE MINISTRY OF WORKS AND HOUSING

The Ministry is to become a pace setting Ministry for sustainable management of public infrastructure in the area of works and housing.

3.1 Mission Statement

The Ministry exists to formulate and implement policies, plans and programmes for the sustainable provision of secure, decent and affordable housing; the management of public landed properties, coastal protection works, operational hydrology and storm water drainage system for the country.

The Ministry intends to achieve these through:

- Providing and facilitating access to adequate, secure, decent and affordable shelter, flood control systems and drainage systems;
- Providing, maintaining and protecting public property and infrastructure; and
- Supporting creative and innovative ways in the production and use of local building materials.

In furtherance of the above, the Ministry is committed to maintaining high standard of excellence, transparency, probity, accountability, integrity and competence.

3.2 Sectorial Policy Objectives

The key policy objectives the Ministry will apply over the medium term are:

- To enhance capacity to mitigate and reduce natural disasters, risks and vulnerability;
- To increase resilience of coastal settlement and infrastructure;
- To increase access to adequate, safe, secure and affordable shelter;
- To improve and accelerate housing delivery in the rural areas;
- To establish a framework to coordinate human settlements development;
- To promote resilient urban infrastructure development, maintenance; and management.

4.0 SUMMARY OF KEY ACHIEVEMENTS IN 2016

For the year 2016, Government through the erstwhile Ministry of Water Resources, Works and Housing was committed to increasing access to safe water and water related sanitation facilities in the rural, peri-urban and urban areas, as well as undertaking other activities including the construction of affordable housing units for the public and civil servants throughout the country including the security services, undertaking operational hydrology, coastal protection and storm water drainage improvement. The achievement in the Water and Sanitation Sector has been reported by the newly created Ministry of Sanitation and Water Resources. Major achievements for the Works and Housing Sectors which among others, constitute the revised mandate of the Ministry of Works and Housing during the year under review include the following:

Human Settlement Management Programme/Housing Sector

A number of activities and projects under the above programme were undertaken during the year under review:



Housing for the Security Agencies

The first phase of 168 housing units was completed and handed over to the BNI. The second phase, which involves the construction of 368 housing units for the Ghana Navy is about 80% complete and when completed, will serve as the first Ghana Navy Barracks in the country.

Further, 216 housing units out of the affordable housing units at Kpone were allocated to the Ghana Police Service for completion.

Tema Development Corporation (TDC)

In Tema, a 3.1 km access road which also serves as a boundary between the Tema Acquisition Area (TAA) and the Prampram stool lands was completed.

The Tema Development Corporation (TDC) embarked upon a programme at Site 3, Community 1, to fill in open spaces with 8-storey apartment blocks. This comprises 64 two-bedroom apartments in 4 x 8-storey blocks, complimented by two blocks of shops, expanded sewage, water and electricity distribution systems. The construction of the buildings and external works were also completed. It is worth noting that utility services will be connected to the site by March 2017.

Tema Development Corporation (TDC) commenced the Resettlement Terrace Houses Project meant to resettle squatters who were displaced during construction of the road linking the Community 24 Site to the Accra-Tema Motorway. The first phase which is 65% complete comprises of 28 apartments in 7 blocks.

In a related development, the TDC in its bid to meet the needs of its staff accommodation commenced a Staff Housing Project during the reporting period. The project which consists of 12 blocks providing 36 apartments was completed.

The TDC, as part of its Corporate Social Responsibility intervention, is undertaking a comprehensive drainage improvement works at Adjei Kojo and providing basic infrastructural services to the area. The works which include 26 km of covered drains, 2 major culverts and roads were 78% complete during the reporting period.

The Community 24 Extension Infrastructural Services Project which was completed in 2016 made available 600 fully-serviced plots on 154 acres of land.

In April 2016, the TDC completed an eight (8) storey shops and offices complex at Community 2 to provide about 13,200 m³ net rentable commercial space. The facility comprises of 2 banking halls, 4 large stores, 4 floors of office space, a restaurant and a 300-seater conference hall. This has opened up economic and commercial activities in the enclave.

An Information Communication Technology (ICT) Upgrade Project aimed at computerizing and integrating the Corporation's records and business processes was introduced within the period. It is instructive to indicate that, in 2016, 30% of all property records and 60% of the layout of the entire TAA were digitized with the installation of an Enterprise Resource Planning (ERP) software.

Affordable Housing

The stalled affordable housing projects at Borteyman, Greater Accra and Asokore-Manpong, Kumasi were handed over to the Social Security and National Insurance Trust (SSNIT) for completion. The Borteyman project is currently about 95% complete and expected to deliver a total of 1,478 housing units to house about 4,500 people. Modalities for allocation are ongoing and hope to be ready for occupation by the end of the first quarter of 2017. The Asokore-Mampong project is also made up of 1,030 housing units. Squatters have been cleared off the site and the contractors have mobilized to the site and work has resumed in earnest.

Government is also engaging both local and foreign companies to access funds for the completion of the remaining 686 affordable housing units at Koforidua, Wa and Tamale. In addition government facilitated a loan amount of US\$200 million from Credit Suisse for Messrs Contrutora OAS Ltd. to construct a total of 5,000 housing units at Saglemi – Old Ningo. The first phase which is made up 1,502 housing units is progressing and is about 75% complete.

Infrastructure Management Programme

The Ministry continued various coastal protection construction works along the Aboadze (83%), Adjoa (Near Takoradi) (70%), New Takoradi (90%) and Nkontompo (80%) Sea Defence coastlines in the Western Region and Blekusu Coastline in the Volta Region. Works are currently ongoing and the Contractors are at site working.

The Ministry also commenced drainage improvement works to solve the perennial flooding and erosion problems affecting most communities at flood prone areas and to mitigate the disaster risks associated with flooding in various parts of the country. The projects which are at various stages of completion include Akora River Drainage Project at Agona Swedru, construction of reinforcement concrete drains at Sakaman Lot 1 and construction of reinforced concrete drains at Goaso Lots 1 and 2.

Public, Private Partnership in Housing

In its quest to reduce the housing deficit, Government also created the enabling environment for the private sector to fully participate in the delivery of housing units. In furtherance of this, the Government partnered Messrs Sethi Realty Ltd, to construct 5,000 Affordable Housing Project. The first phase, branded “Nyame Dua” Estate of 240 units has been completed and ready for occupation.

The Government has also collaborated with a local developer as part of the Ministry’s PPP arrangement with the private sector. The project has been demarcated into 5 phases with total of 320 blocks. Construction works have currently commenced on the first phase consisting of 83 blocks of flats of 2 and 3 bedrooms. A stakeholders meeting to discuss modalities for the smooth implementation of the project was also held.

5.0 OUTLOOK FOR 2017

Infrastructure Sector Management Programme

The Coastal protection works at Aboadze, Nkontompo, New Takoradi, Adjoa, Blekusu and Dansoman at various stages of completion will continue in 2017.

The Ministry's drainage improvement projects to solve the perennial flooding and erosion problem affecting most communities at flood prone areas including Akora River Drainage Project at Agona Swedru, Sakaman Lot 1 and Goaso Lots 1 and 2 at various levels of completion would be continued.

Construction of various reinforced concrete drains will be undertaken in Adenta, Goaso, Mim, Asutifi, Hwidaeim, Ejura. Tapa, Tafo, Tamale, Ofoase-Korkorben, Odorkor, Bodi, Boanim, Dwinase, Asankragua, Nkrankwanta, among others.

Human Settlement and Development Programme

To reduce the housing deficit, provision of accommodation for the Security Services remains high on the agenda of Government, the second phase of the Security Agencies Housing Project comprising 368 housing units for the Ghana Navy which is 80 percent complete would be completed. In addition, 216 of the affordable housing units at Kpone allocated to the Ghana Police Service for completion would continue.

The stalled Government Affordable Housing Projects at Borteyman-Greater Accra and Asokore-Mampong, Ashanti handed over to SSNIT for completion would be pursued. The Borteyman project is 95 percent complete and is expected to deliver a total of 1,478 housing units to house 4,500 people whereas the Asokore Mampong site is expected to provide 1,030 housing units. In addition, the first phase of 5,000 housing units at Saglemi – Old Ningo for 1,502 housing units which is 70 percent complete would be completed

The Ministry also partnered the private sector to construct 5,000 Affordable Housing units with the first phase branded "Nyame Dua" Estate of 240 Units is completed for occupation. Government will create the enabling environment for the private sector to fully participate in the second phase of the project scheduled to commence in 2017.

6.0 SUMMARY OF BUDGET ALLOCATION AND PERFORMANCE IN

2016

In the year 2016, the erstwhile Ministry of Water Resources, Works and Housing was allocated a total amount of *Ghana Cedis (GH¢) Three Hundred and Seventy-four*

Million, Seven Hundred and Eighty-one Thousand, Six Hundred and Twelve Ghana Cedis (GH¢374,781,612.00). The works, infrastructure and housing sub-sector component budget however, amounted to One Hundred and Four Million, Three Hundred and Seventy-six Thousand, Two Hundred and Thirty-three Ghana Cedis (GH¢104,376,233.00) with the following break-down:

Employee Compensation	8,743,995.00
Goods and Services	564,457.00
CAPEX (ABFA)	94,782,832.00
IGF	<u>284,949.00</u>
Grand Total	<u><u>104,376,233.00</u></u>

The expenditure performance on the Water and Sanitation component will be presented by the newly created Ministry of Sanitation and Water Resources. Below therefore is the summary of the Ministry of Works and Housing's portion of the 2016 budget from funding sources and the expenditure outturns thereon.

Summary of 2016 budget from funding sources

No	Fund source	Total in GHc	%
1	Government of Ghana (GoG)	9,308,452.00	8.92
2	Internally Generated Funds (IGF)	284,949.00	.27
3	Annual budget Funding Amount (ABFA)	94,782,832.00	90.81
4	Donor	-	-
	Grand Total	104,376,23.00	100

Source: 2016 Budget Statement and MWH 2016 Budget Performance Report to the Committee

Table 2: Expenditure by funding source

No.	Funding Sources	Total in Ghana Cedis (GH¢) (A)	Actual Expenditure (GH¢) (B)	Variance (A - B)	% Release
1	GoG	9,308,452.00	11,046,548.62	1,738,096.62	18.67
	IGF	284,949.00	132,055.76	152,893.24	53.66
3	ABFA	94,782,832.00	49,552,001.75	45,230,830.25	47.72
4	Donor	-	-	-	-
5	Total	104,376,322.00	60,730,506.13	43,645,626.87	41.82

Source: 2016 Budget Statement and MWH 2016 Budget Performance Report to the Committee

7.0 2017 BUDGET ALLOCATION

For the 2017 fiscal year, the Ministry has been allocated a total amount of *One Hundred and Eight Million, Eight Hundred and Eighty-seven Thousand, Five Hundred and Forty-three Ghana Cedis (GH¢108,887,543.00)* for the implementation of its programmes. This comprised of GoG allocation and retained IGF. The break-down of the allocation is as follows:

		GH¢
Employee Compensation	-	7,254,524.00
Goods and Services		
GOG	1,459,766.00	
IGF	<u>173,253.00</u>	1,633,019.00
Capital Expenditure		<u>100,000,000.00</u>
Total allocation	-	<u>108,887,543.00</u>



This allocation will be expended under the core expenditure items of the Ministry as follows:

PROGRAMME		GH¢
Management and Administration		4,585,893.00
Human Settlement and Development		15,186,186.00
Housing Sector Management	10,097,408.00	
Urban Housing Management	3,075,200.00	
Rural Housing Management	807,605.00	
Management of Public Construction	1,205,973.00	
Infrastructure Management		89,115,464.00
Works Sector Management	55,031,399	
General Maintenance Management	6,067,269	
Drainage Management	610,157	
Coastal Management	76,500,000	
Applied Hydrology	906,700	
Grand Total		108,887,543.00

8.0 OBSERVATIONS AND RECOMMENDATIONS

Non-release of budgetary Allocations

The Committee noted that out of the allocation of GH¢104, 376,233.00 for the Works Sector programmes, only GH¢60,730,606.13 representing 41.82% was released and expended as at 31st December, 2016. The table below presents the summary of the financial performance for the year under review.

Summary Financial Performance as at 31st December, 2016

No	Item	Annual Budget	Cumulative actual up to December 2016	Variance	%
1	Employee Compensation	8,743,995.00	11,046,548.62	2,302,553.62	26.33
2	Goods and Services	564,457.00	-	564,457.00	100
3	CAPEX (ABFA)	94,782,832.00	49,552,001.75	45,230,830.25	47.72
4	IGF	284,949.00	132,055.76	152,893.24	53.66
	Grand Total	104,376,23.00	60,730,606.13	43,645,626.87	41.82

It is clear from the above that the budgetary allocations that could have helped the Ministry to have successfully carried out its programmes in pursuit of its mandate were partly released or not released at all. The Committee was informed that the situation made the running of the Ministry very challenging.

Though the Committee is aware that releases are mostly contingent upon the availability of resources, this annual ritual of non-release of allocated fund after passage of Appropriation Acts is unacceptable and the Parliament needs to take decisive position on it.

Huge Outstanding Commitments

The Committee was informed that due to delay and non-releases of budgetary allocations, delay by the Bank of Ghana in crediting of the Ministry's account and delay in the issuance of commencement certificates for capital expenditure, the Ministry is saddled with huge outstanding commitments. The Ministry's indebtedness to contractors as at 31st December, 2016 was highlighted as **GH¢528, 422, 398. 40** and **US\$173,880,343.94**. By converting the dollar figure at a rate of GH¢4.50 to a dollar, the Ministry's indebtedness to contractors will amounts to **GH¢1, 310, 883, 946.10**. This implies that the Ministry cannot honour its existing financial commitments to contractors even if all the 2017 allocation of **GH¢108,887,543.00** is to be committed to settling the

indebtedness. The Committee therefore appeals to the Ministry of Finance to come to the aid of the Ministry to enable it settle its indebtedness.

Provision of Affordable Housing

The Committee noted with concern, the high cost of affordable housing projects currently prevailing on the market. For, the concept of the affordable housing projects, was to provide decent housing to public sector and low income workers who have a constant stream of income and could pay through instalments or mortgage arrangements. However, the delay in the completion of the projects has made the houses more expensive thus, defeating the purpose for which the project was initiated. Currently, some of the affordable housing projects completed by SSNIT at Borteyman are ready with selling price of **GH¢ 272,000.00** for a two bedroom flat and **GH¢175, 000.00** for one bedroom flat respectively. Prices of the other affordable housing projects such as the Kpone taken over by TDC and Saglemi which is under a public private partnership arrangements may not be an exception.

The Committee believes that the high prices may be partly due to the delay in the completion of the projects. The Committee accordingly appeals to the Ministry to continue with the on-going project to prevent further increase in prices and project cost.

The Committee further appeals to consider the original intent of the affordable housing project and review the prices downwards to make the houses really affordable to the ordinary Ghanaian worker. The Committee also appeals to the other government agencies like Tema Development Corporation and State Housing Corporation to initiate the construction of low cost housing projects for the average Ghanaian. This, the Committee believes will help reduce the 1.7 million housing deficit.


9.0 CONCLUSION AND RECOMMENDATION


The Committee, after carefully examining the 2017 Annual Estimates of Ministry and ~~having regards to the strategic role of the Ministry in the development drive of the~~ country, recommends that, the House approves the sum of ***One Hundred and Eight***

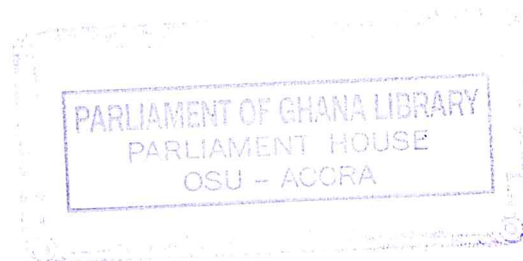
Million, Eight Hundred and Eighty-seven Thousand, Five Hundred and Forty-three Ghana Cedis (GH¢108,887,543.00) to enable the Ministry of Works and Housing implement its programmes and activities for the 2017 financial year.

In addition the Committee reiterates its appeal to the Ministry of Finance to come to the aid of the Ministry of Works and Housing to enable it settle its outstanding financial commitments to the contractors.

Respectfully submitted.


.....
HON. NANA AMOAKOH
CHAIRMAN, COMMITTEE ON
WORKS & HOUSING


.....
ROSEMARY ARTHUR SARKODIE (MRS.)
CLERK, COMMITTEE ON WORKS &
HOUSING



MARCH, 2017

