

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

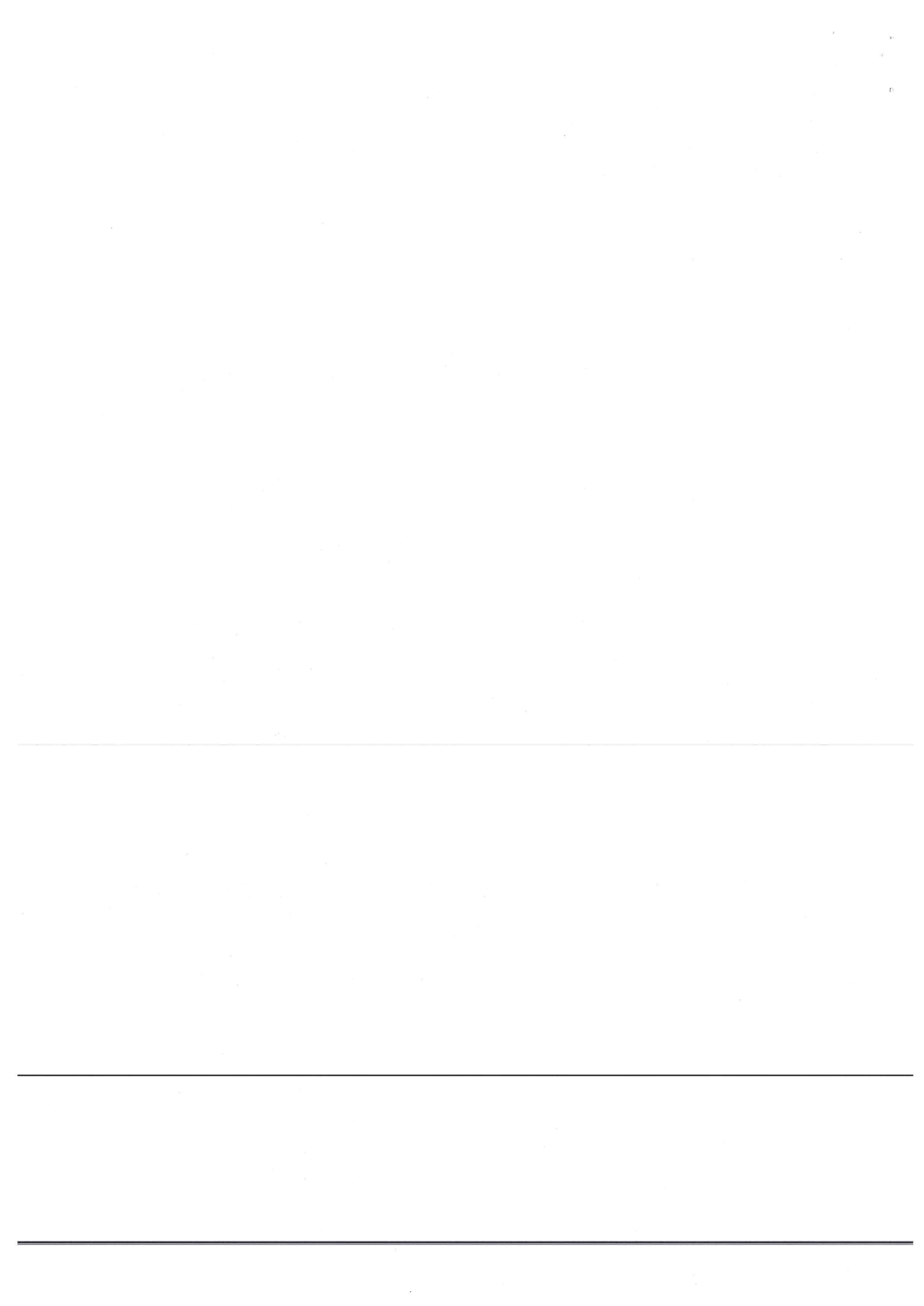
**REPORT OF THE COMMITTEE ON ROADS AND
TRANSPORT**

ON THE

**2017 ANNUAL BUDGET ESTIMATES OF THE
MINISTRY OF RAILWAYS DEVELOPMENT**



MARCH, 2017



REPORT OF THE COMMITTEE ON ROADS AND TRANSPORT ON THE
2017 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF RAILWAYS
DEVELOPMENT

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 Railways Development were referred to the Committee for Roads and Transport for consideration and report.

1.3 The Committee on Thursday, 23rd March, 2017 met with the sector Minister, Hon. Joe Ghartey, the Ag. Chief Director and Heads of Agencies of the Sector Ministry and reports as follows:

1.4 The programme-based budget for 2017 covers the Ministry of Railway Development and the following Agencies:

- (i) Ghana Railway Development Authority (GRDA) and
- (ii) Ghana Railway Company Limited (GRCL)

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 Transport; and



- (v) The Report of the Committee on the 2016 Estimates for the Ministry of Transport.

3.0 VISION OF THE MINISTRY OF RAILWAY DEVELOPMENT

3.1 The Vision of the Ministry of railway Development is to provide railway infrastructure and services as well as other associated infrastructure as part of an integrated transport system in order to facilitate the establishment of Ghana as a transport hub within the West African Sub-region and serve as a backbone to Ghana's economic development.

4.0 MISSION AND POLICY OBJECTIVES

4.1 Mission

4.1.1 The Ministry's Mission is to provide leadership and guidance for the development of Ghana's Railway system through effective policy formulation and Investment promotion.

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 and sustain an efficient transport system that meets the user needs,
- (iii) Integrate Land use, transport planning, development planning and service provision,
- (iv) Create appropriate environment for Private Sector Participation in the delivery of Transport Infrastructure,
- (v) Develop and implement a comprehensive and integrated Policy, Governance and Institutional Frameworks,

- (vi) Ensure sustainable development in the Transport Sector; and
- (vi) Develop adequate human resource capacity and apply new technology.

5.0 FINANCIAL PERFORMANCE FOR 2016

5.1 The Ministry of Railway Development is a newly created Ministry which has been carved out of the Ministry of Transport. In the 2016 fiscal year, GH¢10,601,778.00 was allocated to the Rail Transport programme. An amount of GH¢8,501,778.00 out of the total was allotted for railway infrastructure development whilst the remaining GH¢2,100,000.00 was for rail infrastructural maintenance.

The total disbursement to the Ghana Railway Development Authority (GRDA) for rail transport program amounted to GH¢9,652,614 representing 91.0% of the approved budget for 2016 fiscal year.

6.0 ACHIEVEMENTS OF THE MINISTRY OF RAILWAY DEVELOPMENT IN 2016 FISCAL YEAR

6.1 Management and Administration

6.1.1 The Ministry of Transport in 2016 sourced funding from the Indian Exim Bank to construct a railway line from Tema to Akosombo.

6.1.2 A pre-feasibility report was submitted and full feasibility was commenced by a Transaction Advisor who was engaged for the reconstruction of the Eastern Railway line.

6.2 Railway Transport

6.2.1 The construction of a 10.1km double track railway line from Takoradi to Kojokrom and a 4.5km single track line to Sekondi is 95% completed.

6.2.2 The Ghana Railway Development Authority (GRDA) caused the reconstruction of 3_{no.} railway station buildings as well as the remodelling of

one existing station building with CCTV, turnstiles and fencing. The project stood at 95% completed as at the end of December 2016.

7.0 Budgetary Allocations for the Ministry of Railways Development and its Agencies for 2017

7.1 The Ministry of Railways Development and its Agencies have been given a budget allocation of GH¢518,426,135.00 for the fiscal year 2017. The breakdown per expenditure items are as follows:

TABLE 1: BUDGETARY ALLOCATION FOR THE MINISTRY OF RAILWAY DEVELOPMENT AND ITS AGENCIES FOR 2017

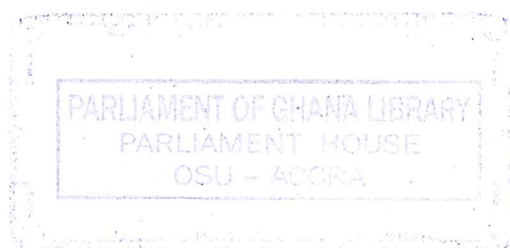
EXPENDITURE ITEM	GoG	ABFA ALLOCATION	DONOR	IGF	TOTAL
COMPENSATION	24,161,263	0	0	0	24,161,263
GOODS AND SERVICES	3,830,000	11,600,000	21,208,657	0	36,638,657
ASSETS	195,026,085	177,765,503	84,834,627	0	457,626,215
TOTAL	223,017,348	189,365,503	106,043,284	0	518,426,135
	TOTAL GoG = 412,382,851				

TABLE 2: 2017 BUDGET ALLOCATIONS DISAGGREGATED INTO PROGRAMMES

	COMPENSATION	GOODS & SERVICES	ASSETS	ABFA ALLOCATION	DONOR	IGF	TOTAL
Mgt. & Admin	730,000	236,000	503,805	11,600,000	0	0	13,069,805
Rail Transport Development	7,030,779	94,000	191,025,088	177,765,503	106,043,284	0	481,958,654
Rail Transport Maintenance	16,400,484	3,500,000	3,497,192	0	0	0	23,397,676
TOTAL	24,161,263	3,830,000	195,026,085	189,365,503	106,043,284	0	518,426,135

Table 3: MDA PLANNED BUDGET 2017 AGAINST APPROVED CEILINGS

EXPENDITURE ITEMS	APPROVED CEILINGS 2017 (GH¢)	PLANNED BUDGET 2017(GH¢)	VARIANCE (GH¢)	VAR %
COMPENSATION OF EMPLOYEES	24,161,263	7,601,000	16,560,263	217.9
GOODS AND SERVICE	3,830,000	7,560,000	(3,730,000)	(49.3)
ASSETS	195,026,085	396,101,519	(201,075,434)	(50.8)
ABFA ALLOCATION	189,365,503	576,659,695	(387,294,192)	(67.2)
TOTAL GoG	412,382,851	987,922,214	(575,539,363)	(58.3)
IGF	0	0	0	0
DONOR	106,043,284	2,200,100,000	(2,094,056,716)	(95.2)
GRAND TOTAL	518,426,135	3,188,022,214	(2,669,596,079)	(83.7)



8.0 PROGRAMME OUTLOOK FOR 2017

8.1 Management and Administration

8.1.1 The Ministry will start the construction of the railway line from Tema to Akosombo with the new standard gauge by the second quarter of 2017.

8.1.2 The full feasibility studies on the Eastern Rail line by Transaction Advisor will be 100% complete.

8.2 Railway Transport

8.2.1 The construction of a 10.1km double track railway line from Takoradi to Kojokrom and a 4.5km single track line to Sekondi will be 100% completed and operations would take off.

8.2.2 The re-construction of three (3) railway station buildings as well as the remodelling of one (1) of the existing station buildings with CCTV, turnstiles and fencing will be 100% complete.

9.0 OBSERVATIONS AND RECOMMENDATIONS

9.1 Allocation to the Ministry of Railways Development

The Committee observed that the Ministry has been allocated a sum of GH¢518,426,135.00 for the 2017 fiscal year. This allocation, the Committee noted was a far improvement over the 2016 allocation of GH¢10,601,778.00 for railway development and maintenance. This gives an indication that the nation is poised to developing railway infrastructure and service.

The Committee however, recommended for the Ministry to explore other financing options such as PPP, since its programmes are capital intensive and cannot be financed from the nation's resources only. In view of this, intensive and effective publicity and promotion will be required to facilitate private sector interests.

9.2 Logistics Support

The contributions of the railway sector to the country's economic development is critical. It came to light that, over 95% of the nation's passengers, goods and services are carried on our roads and bulk haulage cause considerable damage to our road pavements. Haulage of bulk cargo by rail will save our roads from early deterioration and will be of huge benefit to the country.

The Ministry has only two (2) Engineers and has challenges with office accommodation among others. The Committee, therefore urge the Ministry of Finance to support this new Ministry with the needed logistics.

9.3 2017 Budget Implementation Challenges

The committee noted that when the Ghana Railway Development Authority (GRDA) and Ghana Railway Company Limited (GRCL) were Agencies under the Ministry of Transport, both suffered from untimely release of Government of Ghana funds. The delays in fund releases affected the Agency's programme and projects.

The Committee urges the Ministry of Finance to ensure timely release of funds to this new Ministry, its Departments and Agencies for an effective implementation of their programmes and activities.

9.4 Encroachment on Railway lines

The Committee took note of encroachments on railway lands, especially in Kumasi and its environs. The committee was not pleased about the fact that developers, traders and squatters encroach on the rail lines. The Committee is of the view that these encroachers have to be pushed away to pave way for the development of the railway lines. The difficulty will be where permanent structures have been put up.

The Committee, however, observed that the Ministry intends to by-pass settlements where expansion of the rail line system and associate infrastructure will be a problem. It was also observed that with the new standard gauge the line will not be tortuous but fairly straight, thus most communities on the existing lines may be by-passed.

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9.5 Local Content

The committee noted with appreciation the employment opportunities the sector will offer Ghanaians. It alluded to the view that training of staff to manage key positions is likely to strengthen and sustain the skilled personnel of the Ministry. The Ministry will therefore, have to collaborate with the Ministry of Roads and Highways for solution to its Engineering staffing problems and also with the Engineering Department of KNUST and other Institutions.

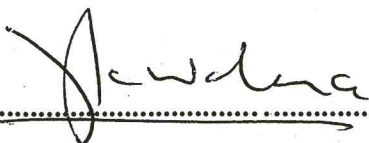
9.6 ABFA Allocation to the Ministry

The committee observed that the Ministry was given GH¢189,365,503 as ABFA allocation out of the total budgetary allocation of GH¢518,426,135, representing 36.5%. The Committee expressed concern about the ABFA allocation which have been captured under Management and Administration programme. It is suggested to the Ministry of Finance to place the ABFA and Donor amounts under the appropriate programmes.

10.0 CONCLUSION

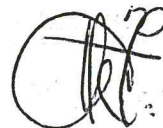
To enable the Ministry, execute its programmes and activities, the Committee unanimously recommends that the House adopts the report and approve the sum of Five Hundred and Eighteen Million, Four Hundred and Twenty-Six Thousand, One hundred and Thirty-Five Ghana Cedis (GH¢518,426,135.00) for the Ministry of Railways Development for the 2017 Fiscal Year.

Respectfully submitted.



HON. KWABENA OWUSU-ADUOMI

CHAIRMAN, COMMITTEE ON ROADS AND
TRANSPORT



MR. ASANTE AMOAKO-ATTA

CLERK, COMMITTEE ON ROADS
AND TRANSPORT

March, 2017