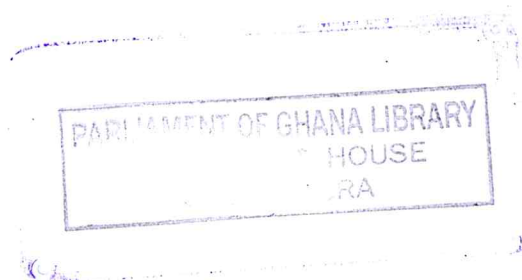


**IN THE FIRST SESSION OF THE SEVENTH  
PARLIAMENT OF THE FOURTH REPUBLIC**

**REPORT OF THE COMMITTEE ON EMPLOYMENT,  
SOCIAL WELFARE AND STATE ENTERPRISES**

**ON THE**

**2017 BUDGET ESTIMATES OF THE MINISTRY OF  
EMPLOYMENT AND LABOUR RELATIONS**



*March 2016*



# **REPORT OF THE COMMITTEE ON EMPLOYMENT, SOCIAL WELFARE AND STATE ENTERPRISES ON THE 2017 ANNUAL BUDGET ESTIMATES OF THE MINISTRY OF EMPLOYMENT AND LABOUR RELATIONS**

## **1.0 INTRODUCTION**

The Budget Statement and Economic Policy of the Government of Ghana for the 2017 financial year was presented to the House on Thursday, 2<sup>nd</sup> March 2017 by the Hon. Minister for Finance, Mr. Ken Ofori-Atta, in accordance with Article 179 of the 1992 Constitution. Pursuant to Standing Orders 140(4) and 184 of the House, the Annual Budget Estimates of the Ministry of Employment and Labour Relations was referred by the Rt. Hon. Speaker to the Committee on Employment, Social Welfare and State Enterprises for consideration and report to the House.

Subsequently, the Committee met with the Hon. Minister for Employment and Labour Relations, Mr. Baffour Awuah and his team of officers on Tuesday, 14<sup>th</sup> and Wednesday 15<sup>th</sup> March 2017 and considered the referral.

The Committee is grateful to the Hon. Minister and his team for their support and co-operation. The Committee is equally grateful to an official from the Ministry of Finance, who was present to assist in the Committee's work.

## **2.0 REFERENCE DOCUMENTS**

The Committee referred to the following documents during the deliberations on the Ministry's budget estimates:

- i. The 1992 Constitution of Ghana
- ii. The Standing Orders of Parliament of Ghana
- iii. The 2016 Budget Statement and Economic Policy of the Government of Ghana

- iv. The 2016 Annual Estimates of the Ministry of Employment and Labour Relations
- v. The 2017 Budget Statement and Economic Policy of the Government of Ghana.
- vi. The 2017 Annual Estimates of the Ministry of Employment and Labour Relations.

### **3.0 MISSION STATEMENT**

The Ministry of Employment and Labour Relations exists to co-ordinate employment and labour related policies and interventions for accelerated job creation, promote harmonious labour relations and eliminate child labour for socio-economic development.

### **4.0 IMPLEMENTING AGENCIES**

1. Ministry Headquarters
2. Youth Employment Agency
3. National Pensions Regulatory Authority
4. Labour Department
5. Fair Wages and Salaries Commission
6. Department of Factories Inspectorate
7. National Vocational Training Institute
8. Management Development and Productivity Institute
9. Ghana Co-operative Council
10. Ghana Co-operative College
11. Opportunity Industrialisation Centres
12. Integrated Community Centres for Employable Skills



## 5.0 REVIEW OF 2016 PERFORMANCE

Table 1.

Item	Approved Budget (GH¢)	Release (GH¢)	Actual Expenditure	% Variance
Compensation	29,657,445.00	29,673,180.76	29,673,180.76	
Goods & Services	2,174,121.00	3,294,521.48	3,045,600.02	
Asset	-	-	-	
IGF	16,093,580.00	15,318,262.62	13,985,456.31	
<b>TOTAL</b>	<b>47,925,146.00</b>	<b>48,285,970.86</b>	<b>46,704,237.09</b>	

**5.1** The Ministry of Employment and Labour Relations was allocated an amount of **GH¢47,925,145.09** for the implementation of its programmes and activities for the 2016 financial year. The allocation comprised a GoG component of GH¢31,831,566.00 and an IGF of GH¢16,093,850.00. As at December 2016, an amount of **GH¢46,704,237.09** representing 97.45% of the total approved allocation to the Ministry had been expended. No provision was made for capital expenditure (Capex).

**5.2** During the year under review, the Ministry achieved the following, among others:

- i. Submitted the National Occupational Safety and Health Policy (NOSH) to cabinet

- ii. Developed a Domestic Workers Bill to protect the rights of domestic workers.
- iii. Developed the Ghana Co-operatives Bill with the view to transforming the co-operatives system to become more proactive and business oriented.
- iv. Developed the roadmap for the transition of the informal economy to a formal one.
- v. Engaged 96,100 youth under the Youth Employment Agency (YEA) programme in all districts.
- vi. Created a total of 160,627 jobs for the extreme poor.
- vii. Trained a total of 11,573 youth in different vocational trades, management skills and productivity enhancement programmes through the Ministry's skills development agencies (MDP, NVTI, ICCES and OIC-G). The NVTI, tested and certified 35,061 candidates in vocational skills, ICT and Secretaryship. Further, 1,725 master-craftsmen were trained and 350 vocational schools were inspected and accredited.
- viii. Commenced the implementation of the harmonised and standardised Categories 2 and 3 Allowances in line with the Compensation Policy in the Public Service.
- ix. Concluded negotiations on the 2017 Base Pay and Pay Point Relativity on the Single Spine Salary Structure (SSSS) in September 2016

## **6.0 BUDGETARY ALLOCATION FOR YEAR 2017**

**6.1** For the implementation of its programmes and activities for the 2017 financial year, the Ministry of Employment and Labour Relations has been provided a budgetary amount of **GHC60,708,078.00**.

The breakdown of the allocation is captured in Table 2

Table 2 - Breakdown of 2017 Allocation

<b>ECONOMIC CLASSIFICATION</b>	<b>ALLOCATION</b>	<b>% ALLOCATION</b>
Compensation	39,760,843.00	65.5
Goods and Services	14,819,111.00	24.4
Asset	6,128,125.00	10.1
<b>TOTAL</b>	<b>60,708,078.00</b>	<b>100</b>

## 6.2 Outlook for 2017

**6.2.1** The Ministry, in accordance with its policy objectives for 2017 will, among others, implement new sustainable youth employment initiatives; improve inter-sectorial co-ordination for job creation through the establishment of the National Employment Council; operationalise the Labour Market Information System; increase pension administration to the regions; revamp vocational training institutions and create an enhanced policy environment to promote job opportunities, skills development, harmonious labour relations and elimination of child labour.

**6.2.2** Again, in line with the Migration and Development Policy for the protection of labour migrants, the Ministry will, in year 2017, develop the National Labour Migration Policy.

**8.2.3** Furthermore, the Ministry will in collaboration with other MDAs and private sector entities, continue to promote its co-operative system initiatives and implement specific job modules for the youth, particularly unemployed graduates. 500 farmer based co-operatives will receive training in business management practices and provided with funds to access markets to enable them achieve their production targets.



**6.2.4** 115,000 jobs will be created through the various YEA modules and also the Graduate Entrepreneurial Scheme will be enhanced to provide 100 graduates with entrepreneurial support to start their own business

**6.2.5** This year, the Ministry also will monitor the payroll of all institutions currently on the Single Spine Salary Structure (SSS) to ensure compliance with the grading structure and the guidelines on the implementation of Category 2 and 3 Allowances.

## **7.0 OBSERVATIONS AND RECOMMENDATIONS**

### **MINISTRY'S HEADQUARTERS**

#### **7.1. 2017 Allocation**

The Committee observed that the Ministry's allocation was made up of **Compensation** - GH¢39,760,843.00(65.5%); **Goods and Services**- GH¢14,819,111.00 (24.4%) and **Asset** - GH¢6,128,125.00 (10%). Per the breakdown, only 24% of the Ministry's total allocation will be available to cater for Goods and Services, and this may likely affect the implementation of key programmes and activities, given the logistical constraints of the Ministry. It was noted however, that the overall budget allocation of **GH¢60,708,078.00** for 2017 was an improvement of 26.7% over that of 2016.

#### **7.2 Issues with YEA Funds**

Per the provision of the Youth Employment Agency Act, 2015 (Act 887, Clause 23), the sources of funds for the Youth Employment Agency (YEA), a key agency under the Ministry, include 10% of District Assembly Common Fund (DACF) and 5% of Ghana Education Trust Fund (GETfund). These funds are required to be transferred to the YEA for the implementation of its programmes.



The Committee was however informed that this provision has, since the passage of the YEA Act, not been complied with by the DACF and the GETFund. On the contrary, the 10% DACF, which forms a substantial component of YEA's statutory Funds, remains at the office of the DACF Administrator, where it is used to implement the sanitation module on behalf of YEA.

It is the view of the Committee that the non-transfer of the 10% DACF to YEA breaches the YEA Act, 2015 (Act 887). This situation deprives the YEA of the needed funds for its programmes and also undermines its ability to account for the use of the funds. It is also an affront to decentralisation as the DACF is not in the position to certify works done. Furthermore, it makes it impractical for the Parliamentary Select Committee on Employment, Social Welfare and State Enterprises, which has oversight responsibility over the YEA to track the use of the 10% DACF funds. The Committee therefore urgently calls on the DACF Administrator to rectify this anomaly and henceforth, cede the 10% DACF funds to the YEA for it to manage the Sanitation Module on its own, and account for same.

The Committee also urges the GETFUND to ensure that the requirement that enjoins it to transfer 5% of GETFUND to YEA is complied with so that the agency could have the needed funds to pursue its mandate.

### **7.3 YOUTH EMPLOYMENT AGENCY (YEA)**

**7.3.1** The Committee noted that in 2016, the Agency utilised just 12.29% of its total appropriation of GH¢595,628,600.70. The YEA explained that it could not implement some of its modules due to the long transition from its previous status - Ghana Youth Employment and Entrepreneurial Agency (GYEEDA) to its present status, YEA, now anchored on the Youth Employment Act, 2016 (Act 887)

**7.3.2** The Committee was informed that in the course of 2016, the Ministry of Finance took an amount of GH¢266,000,000.00 from the statutory funds of YEA. The Committee noted that this amount (266,000,000.00) has been captured as part of YEA's budget for 2017 and that failure by the Ministry of Finance to restore the funds will seriously affect the implementation of the planned programmes and activities of the Agency.

The Committee therefore strongly urges the Ministry of Finance to release the amount of GH¢266,000,000.00 back to the Youth Employment Agency to enable it execute its programmes and also meet outstanding financial commitments.

#### **7.4 NATIONAL PENSIONS REGULATORY AUTHORITY (NPRA)**

**7.4.1** The Authority has been allocated a sum of GH¢28,288,462.00 to implement its programmes in 2017. The Allocation comprises a GOG amount of GH¢1,604,344.00 representing 5.6%. and an IGF component of GH¢26,684,118.00, constituting 94.3%. It was noted that over the past three years, the Authority has consistently been able to generate substantial Internally Generated Fund (IGF), which has enabled NPRA implement its programmes with minimal government subvention.

**7.4.2** The Committee was informed that NPRA lack staff with requisite actuarial, investment and financial skills and that if it is able to attract and retain more qualified personnel, it will be able to expand, generate more IGF and contribute a percentage to the consolidated fund. Against this background, the Committee recommends to the Ministry of Finance to completely wean the Authority off government subvention and grant it the autonomy to effectively administer and monitor pensions in both the public and private sectors in the country.



**7.4.3** It came to the attention of the Committee that Government was considering placing the NPRA under the supervision of the Ministry of Finance. The Committee is of the view that the mandate of NPRA as a pension administration and regulatory entity falls more within the ambit of labour than finance, and that relocating the NPRA to any other Ministry may create a disjoint between labour and pension, which ordinarily are expected to be closely knit together.

The Committee therefore strongly recommends that, since the NPRA is not a financial institution, it should be made to remain under the control and supervision of the Ministry of Employment and Labour Relations.

## **7.5 LABOUR DEPARTMENT**

**7.5.1** The Committee was informed that the Department could not achieve most of the targets set for year 2016 due to late release of funds, inadequate staff and lack of vehicles. At the moment, the Department has only two old cars to operate with. The Committee noted that the Department generates funds internally but are not allowed to retain part of the IGF to support their activities. The Committee urges the Ministry of Finance to allow the Department retain a percentage of its IGF to complement its GOG allocations.

**7.5.2** It also came to the attention of the Committee that the state of infrastructure of the Labour Department and working environment in almost all Labour Department facilities in the country does not meet the minimum standards for labour administration. For instance, the Head Office Building, located in a strategic area, is ironically in very poor condition. The Committee was happy to note that the Ministry was considering exploring a Public-Private-Partnership arrangement to put up a high-rise building at the



Department's Head Office so that part of the building could be rented out to generate funds for the Department.

## **7.6 FAIR WAGES AND SALARIES COMMISSION**

**7.6.1** The Commission has been allocated an amount GH¢1,723,257.00 for the 2017 financial year. This year, the Commission will undertake negotiations on wages and salaries and other conditions of service in the public service. It will also develop and implement public service-wide performance management system, and draft a Legislative Instrument and Cabinet Memo for the establishment of an Independent Emolument Commission.

**7.6.2** The Committee was informed that the Commission is grappling with such challenges as inadequate accommodation, and the unwillingness of some public institutions to come under the Single Spine Pay Policy (SSPP). The Committee calls on the Ministry to expedite action on the establishment of the Independent Emolument Commission, which is expected to help address the challenge of getting some government institutions unto the SSPP.

## **7.7 DEPARTMENT OF FACTORY INSPECTORATE**

**7.7.1** The Department has been allocated a sum of GH¢1,625,600.00 for the implementation of its programmes and activities for the 2017 financial year.

**7.7.2** The Committee noted that in 2016, the Department projected to inspect 3,025 work places. However, as at the end of December 2016, only 1,119 (36.99%) work places had been inspected. During the same period, the Department planned to investigate 60% of reported industrial accidents but ended up investigating only 20%.

The Department cited inadequate budget coupled with late release of funds, inadequate technical staff and lack of vehicles as some of the factors that hindered its ability to achieve its objectives. The Committee recommends that given the important role the Department plays in promoting safe work environment, the Ministry of Finance should provide adequate resources to the Department.

## **7.8 NATIONAL VOCATIONAL TRAINING INSTITUTE (NVTI)**

The National Vocational Training Institute has been provided a sum of GH¢13,690,972.09. The Institute, as its policy objective for 2017, will pursue skills development, as well as training and retraining as a strategy to facilitate job creation. The institute informed the Committee that inadequate budget support and lack of basic tools to undertake practical activities are some of the key challenges hampering the smooth operations of the institute. The Committee recommends that the Institute be retooled and supported to provide the needed training and skills development for the people they enroll on their programmes.

## **7.9 MANAGEMENT DEVELOPMENT AND PRODUCTIVITY INSTITUTE (MDPI)**

**7.9.1** An amount of GH¢2,244,959.68 has been allocated to MDPI to implement its 2017 programmes and activities. The institute will, during the year under review, train 200 trainees under its regular module; 600 trainees under the In-plant/Customized module, 600 trainees under its Productivity Training Module, and also train 15 SMES under the Kaizen to SMES programme. Key challenges facing the Institute include dilapidated structures, lack of vehicles, uncompleted offices and classroom facilities. As a strategy to minimize the operational cost of hosting training programmes



within its premises, the Institute is placing more emphasis on customized training, which is often hosted by the customer institution.

**7.9.2** The Committee was informed about plans to put the NVTI and MDPI under the Ministry of Education and opined that these institutions are skilled development and field oriented and may not be properly supervised under the Ministry of Education. The Ministry of Employment and Labour Relations still retains the necessary expertise for skills and hands-on training and development programmes offered by NVTI and MDPI

### **7.10 INTEGRATED COMMUNITY CENTRES FOR EMPLOYABLE SKILLS (ICCES)**

The mandate of the Centre is to train the unemployed, especially the youth within rural communities in technical and vocational skills with the view to curbing rural-urban migration. A budgetary allocation of GH¢5,413,412.59 has been provided ICCES to implement various programmes. In 2017, ICCES plans, among others, to enroll 3,540 persons into ICCES Centre; train 2,950 persons nationwide; Build the capacity of 35 staff for better service delivery; provide adequate administrative support for programme delivery; and conduct effective monitoring of programmes.

### **7.11 OPPORTUNITY INDUSTRIALISATION CENTRES (OIC)**

The Centres provides vocational/technical entrepreneurship skills for the youth to enable them earn a decent living. In 2017, the Centre will apply its allocation of GH¢2,085,149.86 to implement various programmes and activities. It will, among others, undertake monitoring visits to training centres, commercialise, at least, one (1) trade at each of its centres, and also introduce one (1) trade at the Takoradi Centre. The Committee was informed that inadequate budget allocation, obsolete training equipment, in adequate



staff and difficulty in filling vacant positions are some of the challenges facing ICCES.

#### **7.12 GHANA CO-OPERATIVE COUNCIL**

The Council exist to promote and develop co-operatives and other self- help organisations on a sustainable basis. In this regard, it seeks to, among others, create jobs and build the capacity of co-operatives such as that of beauticians and head dressers. The Committee was informed that in 2016, only 20% of the approved allocation of GH¢141,148.00 to the Council was released. This affected the implementation of the programmes and activities of the Council. It came to the attention of the Committee the capacity building programmes for the co-operatives are rendered free of charge. In view of the operational cost involved in undertaking such services, the Committee advises the Council to consider charging some minimal fee to support its operations.'

#### **7.13 GHANA CO-OPERATIVE COLLEGE**

The College is mandated to see to the training needs of the co-operative movements in Ghana. The College trains farmer based co-operatives and sensitises various artisans on literacy and basic co-operative Knowledge and skills. An amount of GH¢276,661.00 has been allocated to the council to implement its 2017 programmes. The council intends to apply its allocation to, among others, train Youth Employment Agency Recruits for the Department of Co-operatives, train SHS leavers and sensitize market women on co-operatives.

#### **8.0 GENERAL OBESRVATION**

The Committee observed that some of the agencies under the Ministry do not properly account for or report on their Internally Generated Fund (IGF). Some agencies also use their IGF without proper authorisation. The Committee calls

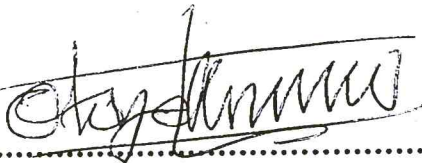
on the Ministry to ensure that agencies generating funds internally properly accounts for their IGF and also seek authorization for their utilisation.

## **9.0 CONCLUSION**

The Ministry's role in promoting job creation, skills development and harmonious labour relations is fundamental for maintaining national security and improving socio-economic development of the country. Unfortunately, the Ministry and its agencies in general are confronted with challenges such as inadequate budget, late release of funds, lack of vehicles and other logistical constraints. To enable the Ministry effectively deliver on its mandate, every effort should be made to ensure that the Ministry of Labour and Employment Relations is provided with adequate resources.

The Committee therefore recommends that the House approves the amount of Sixty Million, Seven Hundred and Eight Thousand, and Seventy-eight Ghana Cedis (**GH¢60,708,078.00**) for the implementation of the programmes and activities of the Ministry of Employment and Labour Relations for the 2017 financial year.

**Respectfully submitted**



**HON. KOFI OKYERE-AGYEKUM  
VICE CHAIRMAN, COMMITTEE ON  
EMPLOYMENT, SOCIAL WELFARE  
AND STATE ENTERPRISES**



**ANTHONY AGYEKUM  
CLERK TO THE COMMITTEE**