

BEYOND THE BUDGETS

A Collation
of
Government Policies
On

Wages & Salaries, Energy and
Employment,
Volume 1
2001 - 2006

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Foreword

This publication is to provide a quick reference material for:

1. Academics,
2. Students;
3. Researchers;
4. Social Commentators;
5. Politicians; as well as
6. Economic Planners.

On the three (3) critical areas,

1. Employment;
2. Energy; and
3. Wages.

that have provided the most formidable challenge to economic planners in Ghana with reference to the last two (2) decades.

The content of the publications are drawn from the Budget Statement and Economic Policies of Governments of Ghana. The two publications available cover the following time periods:

1. Volume 1: 2001 – 2006
2. Volume 2: 1982 – 2000

Subsequent volumes will cover:

1. Period from 1951 to 1981;
2. Translation into at least six (6) local languages.

Since Democracy and good governance thrives on the availability of information, this publication will provide an excellent resource material on the national economy in these three (3) key areas mentioned above.

These publications will be made available to a very wide segment of the population including posting them on Ministry of Finance and Economic Planning website: www.mofep.gov.gh.

We hope that this document will stimulate active discussion on these 3 critical issues of national concern.

We are walking on the path of honour and courage.

Kwadwo Baah-Wiredu, M.P.
Minister

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POLICIES FROM BUDGET ON WAGES AND SALARIES

2005, FEBRUARY, 24

“Government being mindful of the importance of higher wages in mitigating hardships and enhancing the productivity of its employees was “committed to improving the remuneration of Ghanaians and will grant increases in salaries in consultation with all stakeholders”.

(Page 995, Paragraph 282)

2006, NOVEMBER, 10

“To address the problem of low remuneration among the dwindling corps of health professionals, the Government in December 1998 introduced a new scheme, the Additional Duty Hours Allowance (ADHA). Unfortunately, the administration of the ADHA has been largely chaotic and also introduced a huge anomaly into the system. The annual cost of the ADHA system to the budget has spiralled from ₵17.0 billion in 1999 when it was first introduced to ₵810.0 billion in the current year. Mr. Speaker, the financial cost of operating the ADHA is simply unsustainable.

In December 2004, the Ghana Health Service developed a comprehensive rewards system based on established criteria of pay policy management. Government in collaboration with the GHS will come out with a rational and sustainable rewards system to replace the ADHA in 2006.

(Page 221, Paragraph 726-727)

2006, NOVEMBER, 10

“Whiles it is Government's intention that Ghanaians earn realistic wages, the issue of productivity is firmly linked with this idea. Government and the Private Sector can only pay realistic wages when people are productive. All of us Ghanaians should work on improving the individual self, be productive in our occupations and thereby improve the national economy and put realistic wages in everybody's pocket”.

(Page 9, Paragraph 8)

2006, NOVEMBER, 10

“In pursuance of the requirements enshrined in Article 71 of the 1992 Constitution, H.E The President appointed the Chinery Hesse Committee to review the salaries, allowances and facilities of the listed officials. An interim report has been issued and as soon as practicable Government will take appropriate steps to implement the acceptable recommendations”.

(Page 349, Paragraph 1149)

POLICIES FROM BUDGET ON ENERGY

2001, MARCH, 9

“Government recognises that the ability to achieve its socio-economic objectives will depend upon the continuous availability and usage of energy. To ensure continuous supply of electricity, Government sees the need to ensure a continuous supply of electricity, as such Government is to accelerate the process for strategic and rationalised planning by publishing a coherent Energy Policy”.

(Page 42, Paragraph 198)

2002, FEBRUARY, 21

“A preliminary assessment indicates the impact of the TOR debt restructuring has work to lift pressure from the balance sheet of Commercial Banks, and began stabilising TOR's own financial position. The Government also intends to consult with oil companies and other stakeholders with a view to the possible dismantling of TOR's monopoly of the import of petroleum product. This would enhance competition in the petroleum sector and also help the development of the interbank foreign exchange market”.

(Pg .30, Para 117)

2002, FEBRUARY, 21

“The National Electrification Programme will continue. The last phase of the Self- Help Electrification Programme (SHEP 3) that will supply the electricity to about 650 community selected from the ten regions will be completed, while SHEP 4 project that will benefit the additional 2000 communities will commence this year”.

(Pg. 42, Para 198)

2002, FEBRUARY, 21

“Government is committed to the early completion of the West African Gas Pipeline Project. As highlighted in the President's State of the Nation Address to Parliament, a letter of intent and Term Sheet for the Gas Sales Agreement will be executed between VRA as foundation customer and the consortium of Nigeria Gas producers”.

(Pg. 43, Para 201)

2002, FEBRUARY, 21

“The Ghana National Petroleum Corporation (GNPC) and the Ministry of Energy are discussing the terms under which 4 foreign companies will be licensed this year to undertake deep-sea oil exploration activities. Some of the companies include, VANCO, ALDERNEY, etc”

(Pg. 43, Para 202)

2002, FEBRUARY, 21

“Efforts are being made by Government to secure additional generation of power from renewable energy source. The following will be undertaken:

- a. Electrification of 2,000 rural homes with solar power in remote and isolated rural communities;
- b. A feasibility study to assemble solar equipment in Ghana;
- c. A renewable energy centre will be established in Appolonies to demonstrate and test different renewable energy technologies; and
- d. A more efficient charcoal and firewood stove that uses less fuel and emits less smoke will be promoted”

(Pg. 43, Para 203)

2004, FEBRUARY, 5

“The Ministry will continue with the implementation of activities that would enable it to continue with the supply of affordable energy services economically whilst protecting the poor.

The energy sector reform process will be accelerated, particularly in the area of effecting change management at the Electricity Company of Ghana.

The Electricity Company of Ghana (ECG) will begin the process of improving the quality of power distributed in the country. Funds obtained from the World Bank will be used to improve the stability and quality of power provided in the Accra –Tema industrial area. The improvement will be extended to other areas in the country subsequently in 2004”.

(Pg. 90, Para 320-322)

2004, FEBRUARY, 5

“The activities regarding the modalities for the unbundling of VRA will continue in 2004. The enabling legislation in respect of the West African Gas Pipeline Project (WAGPP) will be submitted to Parliament for ratification. Government will take steps towards regularising its equity participation in the WAGPP. The Framework for organising the secondary natural gas network and criteria for the selection of a local distribution company will be developed”.

(Pg. 90, Para 323)

2004, FEBRUARY, 5

“It is expected that, the process for the selection of a developer for the Bui Hydroelectric project will be completed”

(Pg. 90, Para 324)

2004, FEBRUARY, 5

“The first phase of the deregulation process began in the earnest on January 1, 2004 with TOR being restricted from importing refined product. The National Petroleum Planning Commission will be expected to complete its work and submit its final recommendation for the entire deregulation programme.

The Bulk Oil Storage and Transportation Company Limited (BOST) will be strengthened to take a commanding strategic position in the petroleum sector by expanding storage deposit and pipeline network and managing the national strategic reserves.

The Private Sector will be encouraged to take advantage of the incentives provided under the Ghana Free Zone Board to invest in an export oriented refinery to be located in the Free Zone Enclave in Takoradi as a further effort to deregulate the petroleum sector. The existing facilities at TOR will be expanded. These are in line with the vision of Ghana becoming a net exporter of fuel in the next five years”.

(Pg. 90-91, Para 325 - 327)

2005, FEBRUARY, 24

“The following programmes will be pursued in order to improve efficiency, availability, reliability and affordability of energy products for economic development:

- a. Continuation of implementation of the ECG Distribution Upgrade Project ;
- b. Continuation of implementation of SHEP 3 Phase 3 and SHEP 4 Phase 2 rural electrification projects;

- c. Identification of a developer for the Bui Hydroelectric Project to start the Environmental Impact Assessment (EIA) study;
- d. Continuation of installation of Solar PV systems in remote educational institutions;
- e. Retrieval and relocation of solar systems from areas that have been connected to the national electricity grid; and
- f. Commence studies for off grid communities in the three northern Regions”.

(Pg. 97, Para 296)

2005, FEBRUARY, 24

“The West African Gas Pipeline Project which is intended to improve the energy supply requirements of the country will commence with the construction of the pipeline system culminating in the first gas delivery at Aboadze within a period of 24 months after the start of construction”.

(Pg. 98, Para 297)

2005, FEBRUARY, 24

“The take-off of the implementation of Petroleum Deregulation policy commenced on Friday 18th February 2005 with the announcement of new prices for petroleum products. The prices were arrived at on the basis of the existing pricing formula and were designed to realign prices with international prices for crude oil. This was to set the stage for the Oil Marketing Companies (OMCs) to take over the pricing of petroleum products under the supervision of an independent National Petroleum Authority (NPA). Legislation to back the regulation functions of the NPA is to be enacted this year.

Government being mindful of the possible hardships this policy might impose on most Ghanaians has introduced several short and

long term measures to mitigate the consequences. These measures are outlined in the Policy Initiatives Section (Chapter 7) of this Budget Statement.

In addition to the above mentioned initiatives, the following activities aimed at strengthening the policy environment and improving supply of energy and reduce poverty will be undertaken:

- a. Development of policy framework for a Secondary Gas Distribution Network;
- b. Movement of the Osagyefo Power Barge Plant;
- c. Promotion exercises in the sedimentary basins at various international fora;
- d. Presentation to Cabinet of Memorandum for approval on change in the Petroleum Exploration and Production Law (PEPL);
- e. Completion of Phase II of the Rural Kerosene Improvement Project;
- f. Completion and commissioning of the Single Buoy Mooring (SBM) Project in June;
- g. Completion of Buipe-Bolgatanga Petroleum Products Pipeline Project to make petroleum products readily available in the northern part of the country.

To implement its programmes and projects the Ministry of Energy has been allocated **¢411.8 billion** comprising ¢27.4 billion GOG and ¢384.4 billion donor funds for its programmes and activities in 2005”.

(Pg. 98, Para 298-300)

2005, FEBRUARY, 24

"Government, mindful of the extra burden of the fuel price increases, has decided to accelerate its rural electrification programme as a way of reducing kerosene consumption in the villages which is expected to reduce household expenditure outlays for kerosene. Specific projects will include development of solar PV systems, connection to the national grid etc. An initial allocation of ₵50 billion from HIPC resources will be disbursed into the Rural Electrification Fund to ensure the execution of the programme".

(Pg. 285, Para 1006)

2006, NOVEMBER, 10

"After many years of petroleum subsidies and attendant losses at the Tema Oil Refinery- estimated at \$2.0 billion since 1985- Government decided to implement the policy of deregulation of the petroleum industry, notwithstanding strong political opposition. A deregulation law (The National Petroleum Authority Act, 2005) was presented to Parliament and passed in June 2005. The National Petroleum Authority (NPA) which was subsequently set up in accordance with the law has carried out its mandate, and petroleum prices have since moved broadly in line with international market.

(Page 18, Paragraph 39)

2006, NOVEMBER, 10

"External Sector policy in 2006 and the medium term will continue to pursue the diversification of export earnings and the accumulation of foreign exchange reserves, a policy which helped Ghana to withstand the increase in inflation and exchange rate depreciation that accompanied a much smaller shock in the year".

(Page 73, Paragraph 219)

2006, NOVEMBER, 10

“The Government recognises the delivery of affordable and efficient energy supply as critical to growth of the economy and has therefore intensified its efforts to increase hydro energy production.

The Bui Hydro Electricity Project which is estimated to cost \$500 million is expected to take off in 2006 after the Environmental Assessment Impact (EIA) has been completed. Funding for the project is being sourced from the Chinese government through Exim Bank of China”.

(Page 119, Paragraph 387- 388)

2006, NOVEMBER, 10

“The implementation of installation of Solar PV systems in remote educational institutions, security and health outposts and the support to the various Presidential Special Initiatives (PSI) projects in the rural areas is to be continued.

The Ministry will continue the replacement of old electric poles and install new street-lights in all the ten (10) Regional Capitals”.

(Page 119, Paragraph 389-390)

2006, NOVEMBER, 10

“To make the Osagyefo Power Barge operational, the year 2006 will be used to unpack its components and equipment, install remaining on-shore equipments at Effaso Plant, complete the transmission lines, interconnections at the substations at Essiama, Prestea and Elubo to enable eventual evacuation of electricity produced by the barge onto the national grid”.

(Page 120, Paragraph 391)

2006, NOVEMBER, 10

“The construction phase of the West African Gas Pipeline Project is expected to be completed by December 2006 and will employ about 450 workmen”.

(Page 120, Paragraph 392)

2006, NOVEMBER, 10

“The Voltarian Basin is the main on- shore sedimentary basin of Ghana, covering about 40% of the landmass. In terms of hydrocarbon exploration, the basin is the least explored. A two-phase study will be undertaken in 2006 on integrated reconnaissance geosciences of the basin”.

(Page 120, Paragraph 393)

2006, NOVEMBER, 10

“The Energy Commission will develop and establish a transparent monitoring and inspection framework to control and measure the performance of Electricity Transmission Utilities (ETU)

The Energy Commission will continue to pursue the promotion of grid rural electrification project under Renewable Energy”.

(Page 122, Paragraph 399-400)

2006, NOVEMBER, 10

“The Government has in the recent past worked to achieve improvement in the efficiency of operation at Tema Oil Refinery (TOR). There is however additional potential for TOR to:

- a. Eliminate the deficit in supply of petroleum product in the local market;

- b. Produce adequate feedstock for the Residue fluid Catalytic Cracking Unit;
- c. Create a export potential for petroleum product;
- d. Provide capacity for refining crude for other countries; and
- e. Produce Bitumen for road works in the country.

In the light of the above, the Government has decided to support the expansion programme of TOR to increase her crude processing capacity from 45,000 BPSD to 145,000 BPSD.

A feasibility study for the expansion has already been completed and the project will be implemented in 2006. The project is estimated at \$250 million”.

(Page 122, Paragraph 401-403)

2006, NOVEMBER, 10

“Another industrial giant which is now investing in our economy is ALCOA; its goal is to establish an integrated Aluminium industry, with the exploration of the Bauxite deposits at Kyebi and Nyinahin, and a refinery to follow soon. ALCOA is starting all this with the reactivation of the VALCO plant.

Talking about refineries, the Arab Gulf Company has undertaken to establish a new high-tech crude oil refinery at Takoradi. Yet another impactful development is that work on the West Africa Gas pipeline has commenced with expectation of gas from this project to be on stream by next year”.

(Page 362 Paragraph 1184-1185)

POLICIES FROM BUDGET ON EMPLOYMENT

2001, MARCH, 9

“For the year 2001, the Ministry of Manpower Development and Employment has been allocated an amount of ₵19.95 billion to implement its programmes and projects. The following programmes will constitute the ministry's special area of focus:

- a. Laying before Parliament of the draft Labour Bill for approval to pave the way for the establishment of a Labour Commission and the devolution of industrial relation authority from the domain of Government;
- b. Strengthening and developing the Employment Information Branch (EIB) of the Labour Department into a National Labour Statistics Centre in order to improve the collection, analysis and the dissemination of labour statistics in Ghana;
- c. Establishment of a National Productivity Council to serve as consultative, consensus gathering and policy making body which will drive a proposed National Productivity Movement;
- d. Submission to Cabinet for scrutiny of the draft National Occupational Safety and Health Policy and Legislation which seek to promote a safer and healthier working environment for our working population; and
- e. Collaborating with existing stakeholder institutions to develop a manpower development and utilisation plan for Ghana.”

(Page 56, Paragraph 274)

2004, FEBRUARY, 5

“Under the second phase of STEP, “a total of 10,000 youth will be trained by the end of the year 5000 of this number will be set up in vocational agriculture ventures and the other 5,000 place in an apprenticeship programme to form the basic of a formalised national apprenticeship programme, using 400 selected public and private institutions”.

(Page 138, Paragraph 533)

2005, FEBRUARY, 24

“The focus of the Ministry of Manpower Development, Youth and Employment activity “will be geared towards the advancement of the President's vision of Human Resource Development with the objective of creating employment, generating income and reducing poverty. Major activities to be undertaken are detailed below:

- a. The Institutional Capacity of the Ministry and all its Agencies will be strengthened to support the implementation of the Ministry's programmes.
- b. A National Manpower Survey will be conducted and a comprehensive Human Resource Database developed. This will be used as a tool for developing curricula and skills development programmes in the training institutions to enable it meet the skills needs of business and industry. This database would also support the Public Employment Centres to be established under the new labour law (Act 651).
- c. With growing emphasis on the youth as the nation's future human capital base, the formal adoption of the National Youth Policy as well as the implementation of its Action Plan will commence this year. A National Youth Summit would also be held to enable the youth make inputs into the implementation of the action plan”.

(Page 169, Paragraph 557-589)

2005, FEBRUARY, 24

“To boost Technical and Vocational Education and Training (TVET), the Council on Technical and Vocational Education and

Training (COTVET) and other structures will be established to facilitate expansion in Technical and Vocational Education and Training and improve facilities in Technical and Vocational Institutes (TVIs) in the country. Furthermore, Government accepts the principle of establishing in each district a TVET and the apprenticeship programme.

In addition, to better train and prepare the youth for employment, those who are more inclined to vocational and technical disciplines will be catered for. The cost of a year's apprenticeship will be borne by the state. In line with this policy, the Ministry of Manpower, Youth and Employment (MMYE) will be tasked to identify and support private sector businesses to undertake such activity”.

(Page 267, Paragraph 945- 946)

2006, NOVEMBER, 10

“The aim of His Excellency the President for the year's Budget was to ensure that this Budget and its implementation address the concerns being raised by Ghanaians. The Budget therefore seeks to “invest in people and invest in jobs”

The key to sustainable progress in attacking poverty and improving living standards is by creating opportunities and incentives for firms to invest in productivity”.

(Page 9, Paragraph 6-7)

2006, NOVEMBER, 10

"Government will continue to implement the Youth Mass Employment Programme by creating a target of 200,000 employment opportunities in the areas of Youth-in-Agric, Waste & Sanitation Management Corps, Protection Unit, Trade and Vocations and Marketing cooperatives, ICT, Paid Internships and Industrial Attachment and long vacation jobs. A National Employment Policy was to be developed to provide policy direction on employment issues in the country".

(Page 230, Paragraph 754)

2006, NOVEMBER, 10

"The problem of gainful employment for our educated youth has become challenging due to the requirement of most employers for relevant practical experience before engagement. Government, therefore, proposes to establish an Employment Tax Credit scheme to provide incentives for companies employing fresh graduates from our tertiary institution to improve their access to the jobs market. The credit will be allowed for all enterprises irrespective of their size of operation, as follows:

Percentage of Fresh Graduate in Workforce	Propose Incentive
Up to 1%	10% of salaries/ wages of such employees
1 – 5%	30%
Above 5%	50%

These incentives will be additional to the normal allowable expenses for wage and salaries”.

(Page 344, Paragraph 133-1134)