

TRADES UNION CONGRESS



PRELIMINARY COMMENTS ON THE 2019 BUDGET STATEMENT AND ECONOMIC POLICIES OF GOVERNMENT

Introduction

On Thursday, 15 November 2018, the Minister for Finance presented the 2019 Budget and Economic Policy Statement to Parliament. As in previous budgets, the 2019 budget focused on growing the economy within a broad framework of fiscal consolidation aimed at maintaining macroeconomic stability.

In this statement we briefly outline our preliminary assessment of the 2019 budget within the context of the proposals the TUC submitted to government ahead of the budget.

Consistent with our mandate and interests, the TUC's proposals for the 2019 budget focused primarily on employment and related matters including the need to shift the emphasis of the economy away from taxation to production and to improve living standards of all Ghanaians. Most importantly, the TUC called on government to institute a post-IMF social partnership framework for dealing with the social and economic challenges confronting the country as the IMF programme comes to an end.

Employment

The theme chosen for the 2019 budget, *Stronger Economy for Jobs and prosperity* suggest to us that the employment challenge is still receiving some attention of the managers of the economy. The budget has several initiatives to provide jobs including infrastructural development, modernization of agriculture, industrialization, entrepreneurship development, revenue mobilization and social interventions. The construction of railway, roads and highways, bridges and housing for workers will provide jobs for thousands of young people. Moreover, government announced plans to assess the labour market response and employment impact of government policies, programmes and projects. We are particularly happy about the Nations' Builders Corps programme (NABCO), which has so far provided nearly 100,000 jobs to young graduates across the country. The TUC urges Government to consider registering the NABCO beneficiaries with The Social Security and National Insurance Trust (SSNIT) to inculcate in them the spirit of long-term savings.

Beside the NABCO, in the last two years, government has either recruited or given financial clearance for the recruitment of more than 88,000 workers into various public service institutions in the agriculture, health and education sectors. The plans to provide

financial resources to the Ghana Statistical Service (GSS) and the Ministry of Employment and Labour Relations (MELR) to collect quarterly employment data is a step in the right direction.

The provision of public sector employment will go a long way to alleviate the challenges facing young jobseekers. It will also help to improve public service delivery particularly in the health, education and taxation. But the only way to create jobs on a more sustainable basis is to empower our domestic private sector to create more decent jobs for those who cannot be employed in the public sector. Government must use the various ‘special initiatives’ including the “one-district-one factory”, the “one-village-one-dam” and the “planting for food and jobs” to shore up the domestic private sector. Government must also proactively provide support to the private sector in a form of trade policy reforms to empower our private sector to compete and expand.

Taxation

The TUC commends government for scrapping 35 percent tax on incomes in excess of GHS10,000. In our comment on the mid-year budget review, we described the tax as “too high” and urged government to reconsider it. We are happy to note that government has responded positively to our plea. We are aware of the growing shortfalls in tax revenues and the increasing demands on government to provide both economic and social infrastructure and services. The Minister announced that government has completed a draft policy on tax exemptions which will be presented to Parliament in 2019. This is the right thing to do. We encourage government to review all tax exemptions and scrap those that are not benefiting the country. Instead, government should provide tax incentives for local firms that are able to employ a significant number of university graduates, in particular, and young people in general.

Banking Sector Bailout

We appreciate the bold and pragmatic policies being implemented by Bank of Ghana to bring sanity into the banking sector. According to Minister for Finance, government has so far protected 1.5 million depositors at the cost of GH¢9 billion to the Ghanaian taxpayer. We would like to make a special appeal to government to consider paying the exit packages to workers who lost their jobs in the affected banks, as a result of the reforms taking place in the banking sector. The exit packages are meant to provide financial support to the affected workers and their families while they search for other jobs.

Social Partnership

We have taken note of government’s plan to institutionalize Social Partnership among Organised Labour, Ghana Employers’ Association, and Government. We are committed to this partnership because we believe that it will provide the avenue for harnessing ideas for effective management of our economy.

The Plight of Prisoners

In our previous submissions to government we made special appeal to government to pay more attention to conditions in our prisons. We find it interesting that the Minister for Finance quoted **Mathew 25** “feed the hungry, clothe the naked, take care of the sick and **visit the prisoner**”. We are making another special appeal to the President Nana Addo

Dankwa Akufo-Addo to visit our compatriots in the prisons as soon as possible to assess with his own eyes the appalling conditions in our prisons. Ghana is a civilized country but the conditions in our prisons do not reflect that status.

National Cathedral

Following the national debates and the TUC's statement on the Cathedral, some government officials including the Deputy Minister of Information, Honourable Pius Enam Hadzide, was categorical that the state was not going to commit any funds to the project, beyond the provision of land. We were, therefore, surprised to hear from the Minister for Finance that the state is facilitating the process of building the cathedral by "providing the land, the secretariat and the seed money for the preparatory phase". This is inconsistent with the earlier statements so eloquently espoused by government officials. We continue to urge government to move away from such non-priority projects.

Conclusion

We would like assure government that the TUC and its affiliates stand ready to partner government and employers to chart a new path for Ghana. We should collectively aim at supporting the President towards achieving his vision of ***Ghana Beyond Aid***. With the natural and human resources available to Ghana, we believe strongly that we can manage our affairs without the IMF in particular and aid in general.