



Public Interest and Accountability Committee

30th March, 2016

FOR IMMEDIATE RELEASE

**STATEMENT BY THE PUBLIC INTEREST AND ACCOUNTABILITY COMMITTEE
(PIAC) ON THE PUBLICATION OF ITS 2015 SEMI-ANNUAL REPORT**

The Public Interest and Accountability Committee (PIAC) has published its Semi-Annual Report on the management of petroleum revenues for the first half of 2015 on its website www.piacghana.org. This is in fulfilment of Section 56 of the Petroleum Revenue Management Act, 2011 (Act 815).

The Committee notes that the publication of the report is behind the statutory date set by the Act. However, PIAC feels no less obliged to meet the requirement.

The report analyses crude oil production and liftings; authenticates the accuracy of petroleum revenues declared by state institutions; assesses allocations of petroleum revenues to support national budget and the Ghana Petroleum Funds as stipulated by the Act; discusses how petroleum receipts were allocated and utilised and analyses the performance of the petroleum funds during the period under review.

The following are the key findings made in the 2015 Semi-annual Report:

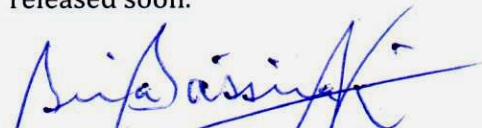
1. An amount of US\$222.93 million (GH ¢ 666.06 million) which was unused by the close of the 2014 financial year was swept by the BoG during the period under review;
2. Total petroleum receipts during the first half of the year was US\$274.47 million compared to US\$562.48 million received during the same period in the preceding year, representing a 56% decline in revenue. The significant decline in revenues was attributable to a sharp decline in global crude oil prices, falling from US\$108.37 in mid-2014 to US\$61.31 in mid-2015. This fall affected all sources of petroleum revenues, especially Corporate Income Tax (CIT);
3. The Western Corridor Gas Infrastructure Project (WCGIP) has been completed and commissioned. A total of 11,719,783 MMBTU of lean gas, 36,200 MT of LPG and 10,563 MT of condensates were processed and sold by Ghana National Gas Company (GNGC) with sales value of US\$122.03 million during the first half of 2015. Total payment received by GNGC during the period stood at US\$18.40 million while US\$103.63 million owed by Volta River Authority (VRA) remains unpaid;
4. Crude oil production from the Saltpond Oilfield continued to decline, dropping from 37,443 barrels during the first half of 2014 to 27,513 barrels over the same period in 2015;

5. No revenue was received from the gas sector into the Petroleum Holding Fund even though 10,606 MMBTU of wet gas valued at US\$32.60 million was evacuated to the Atuabo Gas Processing Plant. This receivable, payable by GNGC, represents approximately 77% of revenue expected from gas during the period;
6. An amount of US\$56.69 million was withdrawn from the Ghana Stabilisation Fund (GSF) to compensate for a shortfall in the projected quarterly ABFA for the first quarter of 2015. This is the first time such a withdrawal has been made from the GSF for this purpose since the coming into force of the PRMA;
7. A surface rental bill of US\$ 67,438.36 dating back to February 2013 payable by Oranto/Stone Energy remains outstanding. Surprisingly, there was no record of it in the Bank of Ghana (BoG) half year report and the payment did not reflect in the list of Surface Rentals paid in the first half of 2015; and
8. No royalties were received from the Saltpond Oilfield even though 25,453 barrels of oil were lifted from the fields during the period under review.

In light of the above findings, PIAC has proffered the following recommendations for the consideration of relevant stakeholder institutions:

1. The US\$222.93 million (GH ¢ 666.06 million) that was swept from the ABFA account by the BoG in 2014 should be refunded to the ABFA account as soon as practicable, in the same manner that 30% of the Sinking Fund that was also swept, was restored by the BoG;
2. Immediate steps must be taken by the GRA and/or BoG to compel Saltpond Oil Producing Company Limited (SOPCL) to pay any outstanding royalties that had fallen due to the State prior to the suspension of its operations;
3. The Government of Ghana (GoG) should endeavour to pay the US\$50 million special advance given to it by GNPC in 2014 to help improve the capitalisation of the state oil company as well as forestall a situation where it becomes a regular practice by the GoG to be making such demands; and
4. The GNGC must ensure that all outstanding receivables in respect of lean gas sold to VRA is paid as a matter of urgency so as to guard against the GNGC falling into the never-ending cycle of indebtedness that characterise the power sector.

In the meantime, the 2015 PIAC Annual Report which will follow-up and do a more detailed analysis of some issues in the 2015 Semi-Annual Report is expected to be released soon.



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