

GHANA'S OIL REVENUE DIPS FOR THE SECOND HALF OF 2015

In pursuant to section 28 of the petroleum revenue management Act, 2011 (Act 815), the Bank of Ghana has released the Ghana Petroleum funds report for the second half-year which ended on December 31, 2015. According to the report, Ghana earned \$100,200,392.21. (One hundred million, two hundred thousand, three hundred and ninety two dollars, twenty one cents) within the period. This total is constituted by the twenty-eighth and twenty-ninth lifting amounts of \$55,411,477.09 and \$44,788,915.12 respectively. Thirtieth liftings amount of \$35,736,436.66 was yet to be received and distributed in the first quarter of 2016.

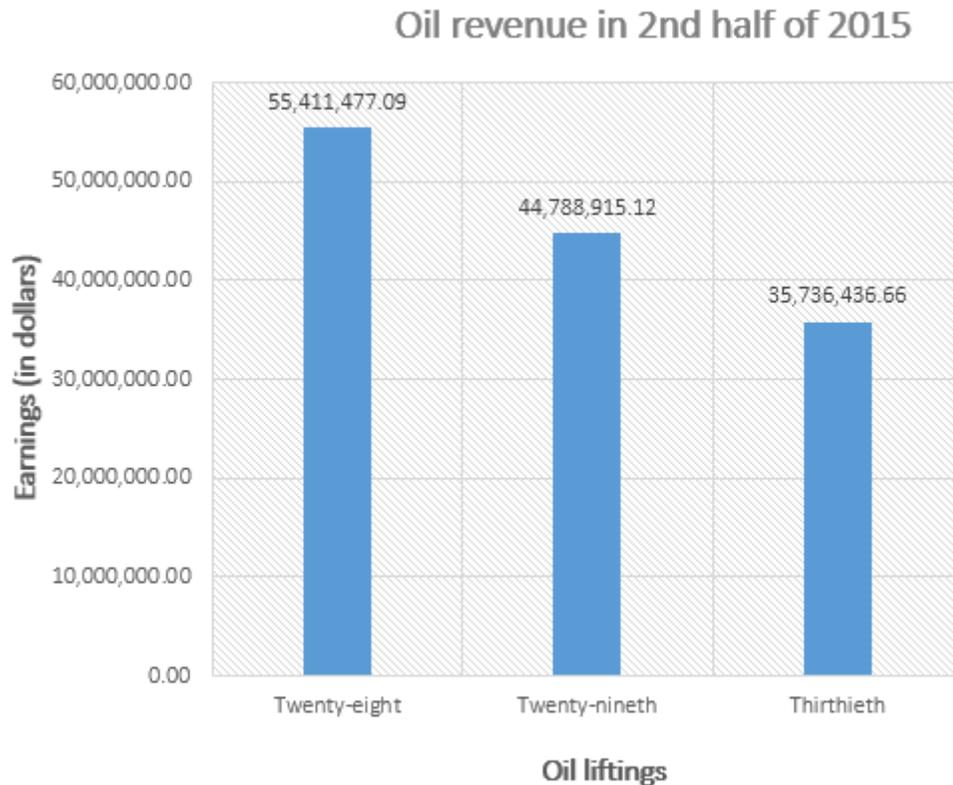


Fig 1. 2015 second half lifting amount components

In comparison with the first half revenue of \$274,467,577.66, there is a decrease in revenue by 49.53%. This is shown in figure 2 below.

Half year revenue for 2015

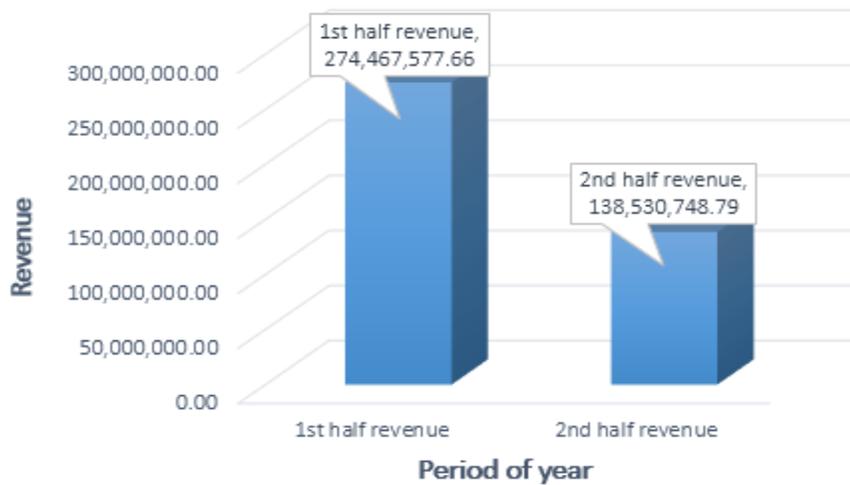


Fig.2 showing first and second half revenue.

The total receipts from corporate taxes, royalties, surface rental and other receipts for the second half ending December 31, 2015 was \$121,705,301.73 (one hundred and twenty one million, seven hundred and five thousand, three hundred and one dollars and seventy three cents). This is made of tax receipt component of \$20,410,832.00, Surface rental receipts of \$528,513.00, Interest receipts of \$11,749.20 and other receipts of 533,815.32. The biggest contributor to this amount is corporate taxes with 94.9% of the total amount.

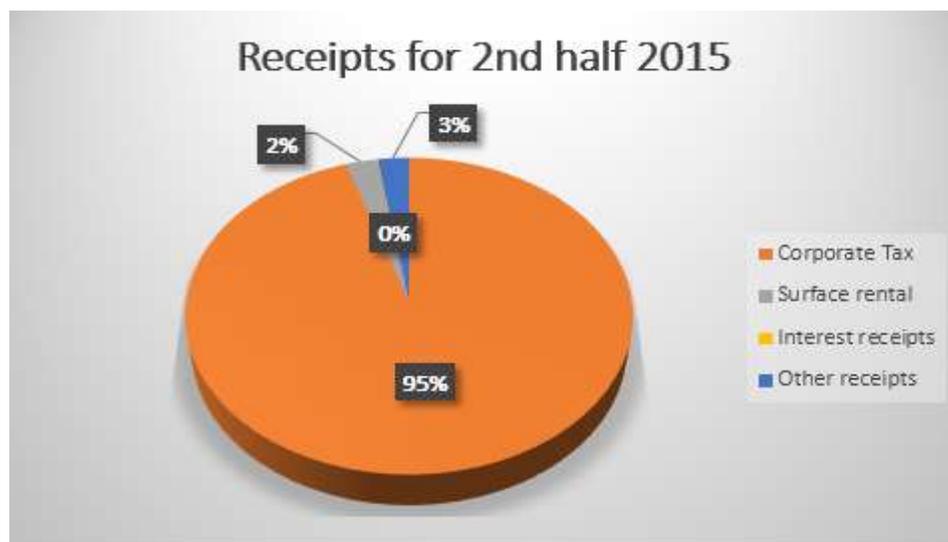


Fig 3: corporate taxes, royalties, surface rentals and other receipts for 2nd half of 2015

A section of the report reveals information on allocation to the Ghana Petroleum Funds which is made up of the Ghana heritage and the Ghana stabilization fund. The Ghana heritage and the Ghana stabilization fund received an amount of \$4,980,877.42 and \$11,622,047.30 respectively from the twenty-eighth lifting amounting to \$16,602,924.72 in the second half. The twenty-ninth lifting contributed a total amount of \$5,070,020.95 out of which \$1,521,006.29 went into the Ghana heritage fund and \$3,549,014.66 went into the Ghana stabilization fund. This means that, allocations into the Ghana stabilization funds increases anytime there is an increase in receipts.

In comparing the first half value of \$ 213, 597,442.57 with the second half value of \$21, 672,945.67, there is 89.86% decrease in the total revenue allocations to the Ghana petroleum fund between the first half and the second half-year ended December 31, 2015.

The last element of the report is the Ghana Petroleum Fund Investments which has a total opening book value of \$484,145,516.72 for the first half with the Ghana stabilization fund having an amount of \$233,284,286.32 and the Ghana Heritage Fund also having \$250, 861,230.40. The closing book value for the second half year report has a total amount of \$436,779,599.31 of which the Ghana stabilization fund has a an amount of \$177,396,126.85 and the Ghana heritage fund with a closing book value amount of \$259,383,472.46. There were withdrawals amounting to \$71, 265,218.54 from the stabilization fund but nothing was withdrawn from the heritage fund. The total net income for the second period ending December 31, 2015 amounted to \$2,226, 355.46 with the Ghana stabilization fund receiving \$205,997.11 and the Ghana heritage fund also receiving \$2,020,358.35.

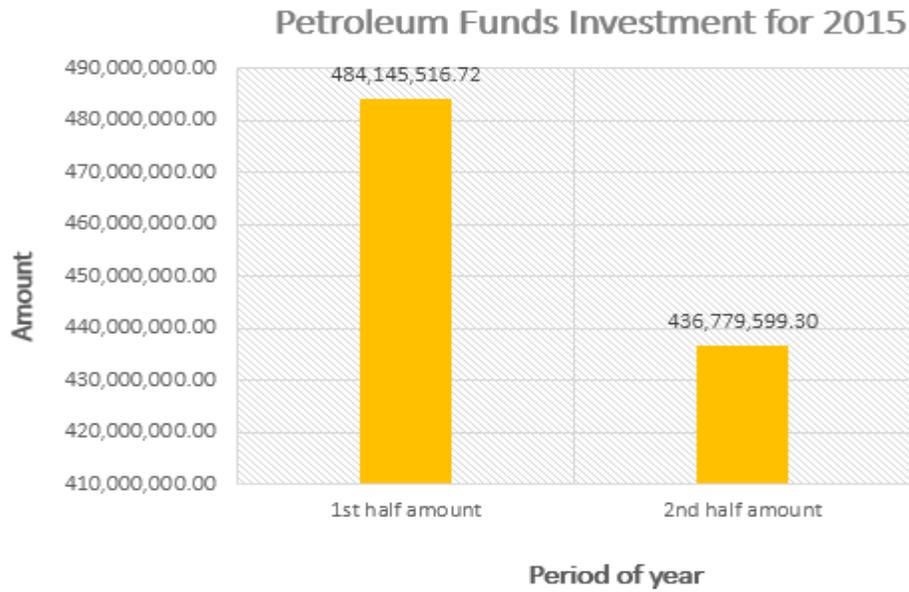


Fig 4: showing Ghana Petroleum Fund Investments for both halves of 2015.

Conclusion

In conclusion, the total receipts and revenue accrued from oil and gas extraction from the country's Jubilee oil field reduced significantly by 27% in the 2nd half year of 2015 as compared to the first half liftings of the same year. This could have been as a result of the fall in the global oil prices from a high value of \$60.20 per barrel in the first half of 2015 to \$33.64 as at the end of the second half year reporting for the sector. The dip in the global oil price forced the government of Ghana, to review its budget for the 2015 fiscal year. The earlier projection of \$4.2 billion dollars in the 2015 budget was later pegged at \$1.5 billion dollars. The new figure showed 64% drop from the earlier projections.

Ghana could not meet its revenue expectation of GHS 4.2 billion with only an estimated GHS 1.5 billion realized in 2015. With the fall in revenue from the oil and gas extraction activities, government must widen the tax net to bring on board various businesses which includes the informal sector. This also means that, fiscal discipline must be instilled to ensure institutions remain accountable and revenues are not diverted for other purposes.

The 49.53% difference in revenue between the first and second halves 2015 means that, government must maintain a fiscal discipline to avoid debt-overboard. This could have negative consequences on the fiscal balance of the country especially now when Ghana has entered its election period which comes with various rising demands by different stakeholders such as civil servants and health service providers.

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