

President Akufo-Addo's 2022 May Day Celebration Speech

Address By The President Of The Republic, Nana Addo Dankwa Akufo-Addo, At The 2022 May Day Celebration, On Sunday, 1st May 2022, At Independence Square, Accra

I am always glad to be in the company of Organised Labour, especially to celebrate May Day, the day set aside to pay homage to those who fought the heroic battles that have made today's ordinary things possible.

I cannot begin this address without paying tribute to Organised Labour and its leadership for their invaluable contribution in helping to keep our country on its two feet at the height of the COVID-19 pandemic. Your co-operation has been a mark of patriotism, and I applaud you for that. Indeed, you continue to uphold the tradition of national engagement initiated by the legendary pioneers of Ghanaian trade unionism, Pobee Biney, Vidal Quist, Anthony Woode et al, through whose work and sacrifice we have inherited the free, independent Ghana in which we now live.

With the ongoing vaccination campaign, which has seen some 14.2 million Ghanaians taking the jab, and with our continued observance of the safety protocols, despite the lifting of virtually all restrictions, we are beginning the process of returning our lives and livelihoods back to a marked degree of normalcy. I know that sooner, rather than later, we will be out of the woods completely.

Secretary General, on the occasion of the 2021 May Day Celebration, I expressed the resolve of Government to win the fight against COVID-19. It was also my hope and expectation that we would celebrate this year's May Day ceremony without masks. A year on, I am excited not only because of the news of the rebound of our economy, evidenced in the 5.4% growth rate chalked in 2021, which is manifesting itself in heightened economic activities across the nation, but also because we are returning to commemorating May Day as we should.

Indeed, last year's edition took place at the Forecourt of the Hall of Trade Unions, a venue significantly smaller than the Independence Square. The 2020 edition, you will recall, confined us to the studios of the state broadcaster, Ghana Broadcasting Corporation. Without a doubt, significant progress has been made thanks to our collective efforts in observing the COVID-19 safety protocols, and in getting vaccinated.

As we commemorate this day, I urge all workers and Organised Labour to celebrate this day fully, while observing, at the same time, the enhanced hygiene protocols.

“Protecting Jobs and Incomes in The Era of COVID-19 and Beyond”, the theme for this year’s celebration, is apt, especially as the implementation of economic recovery measures and the lifting of COVID-19 restrictions mean that we have resumed full production and increased productivity, in our quest to put our nation back onto the path of progress and prosperity.

Over the past year, in particular, Government has implemented a number of policies and programmes all in an attempt to hasten economic recovery from the ravages of COVID-19. We have introduced measures to improve fiscal consolidation, and ensure debt sustainability, which are critical to achieving macroeconomic stability in the short to medium-term. These measures, such as the passage of the E-Levy Bill, have not been introduced in isolation. They have come on the back of a revenue loss of GH¢13.1 billion, and an increased, unbudgeted expenditure of GH¢14.2 billion. There is, thus, an overall fiscal impact of some GH¢27.3 billion, representing 6.8% of GDP. In addition to this, adverse global developments have impacted severely on exchange rate and inflation, with the overall effect being the weakening of the real incomes of people in Ghana, just as is happening everywhere. That is why the Secretary-General can justifiably list the litany of woes that are adversely affecting the living standards of working people in Ghana and in the outside world – high inflation, high fuel and petroleum prices, escalating food prices, and reduced income levels.

We, thus, have to make concerted efforts as Partners to hasten our recovery from COVID-19 by finding intelligent ways of bringing everyone on board to contribute their quota, no matter how small. Indeed, we have had to cut discretionary expenditures of Ministries, Departments and Agencies by thirty percent (30%), we have reduced the salaries of political appointees by thirty percent (30%) for the rest of the year, reduced their fuel coupon allocation by fifty percent (50%), and placed a moratorium on the purchase of imported vehicles, amongst others.

As fate would have it, the outcome of the National Labour Conference held earlier this year in Kwahu-Nkwatia, in the Eastern Region, provided guidance, and encouraged Government to re-examine critically the prevailing situation, and proffer strategies and solutions that would help reverse the trend. We are witnessing some degree of stability in the macroeconomic data, and we are hopeful of maintaining and building on them throughout the year.

“Protecting Jobs and Incomes in the Era of COVID-19 and Beyond” is, undeniably, the collective responsibility and duty of all social partners. This is because incomes earned by workers are a function of jobs created by employers, and of the creation of an enabling environment by Government to help sustain enterprise growth. Data from the International Organisation of Employers (IOE) indicates that the private sector generates nine (9) out of ten (10) jobs worldwide, thereby contributing to greater economic and

social equity, integration and political stability. It is not for nothing that the United Nations' 2030 Agenda for Sustainable Development underscores the importance of the private sector in the creation of jobs, specifically Small and Medium Scale Enterprises (SMEs), which play key roles in employing the majority of the world's workforce. We must, as a matter of urgency, intensify the measures that affect the private, informal sector, in order to enhance access to cheaper capital.

Protecting jobs and incomes requires Government to provide adequate support to enable the private sector retain its labour, for private-sector-led economic growth is the most conducive way of sustaining inclusive recovery from the COVID-19 pandemic. As the main source of growth and job creation, the health of the private sector is integral to the revitalisation of the economy, to the protection of existing jobs and incomes, and to the creation of new ones. To ensure this becomes a success, Government, in partnership with Organised Labour and the business community, has undertaken to implement the following measures:

1. reduce the cost of doing business;
2. simplify policies and procedures for business integration, growth and sustainability;
3. increase investments and infrastructure in critical sectors; and
4. improve ease and access to finance and credit.

I am confident that, with these measures, Government would build the productive capacities of job-creating sectors such as agriculture, ICT, manufacturing, tourism and the green economy to enable them protect, create and increase the jobs and incomes of workers.

Secretary-General, protecting jobs and incomes, in the wake of COVID-19, should not be beyond us, and this would continue to be a top priority of Government. COVID-19, which started as a health crisis, quickly metamorphosized into a severe economic and employment crisis. It exacerbated inequalities and vulnerabilities, especially amongst low-paid workers, and led to massive job losses and labour market disruption in developing countries, to which the Secretary-General referred to in his speech. Indeed, the disruption has been so severe that it has compelled many countries to implement unprecedented measures to mitigate the effects on their economies or risk going under. Most popular among these measures are the provision of liquidity support to firms and adjustments to labour administration practices. In Ghana, these measures ensured that, till date, no single public sector worker lost his or her job, and no public sector worker suffered any wage or salary cuts. Building on the gains, Government, with the agreement of the Social Partners, will, shortly, engage Organised Labour, employers and key

stakeholders to fashion out the right mix of policies to help protect jobs and incomes. These policies would include, but would not be limited to:

- i. rollout of unemployment benefits/ insurance;
- ii. training and re-training of workers;
- iii. extension of moratorium in payment of income and corporate taxes; and
- iv. pragmatism in labour administration and enforcement.

I am also happy to announce that, following the National Labour Conference at Kwahu, the Ministry of Employment and Labour Relations and its tripartite partners have set up, as of Tuesday, 26th April, a technical committee to review the Single Spine Pay Policy (SSPP), and advise Government accordingly. The goal is to find out whether the Single Spine Pay Policy is living up to expectation, and, if not, find a way forward. I sincerely hope that the outcome of that review, which is expected to be ready in July, will help us put an end to most of the unrest we see on the labour front involving public sector workers.

Secretary-General, I took note of the observations and recommendations you made in your address, especially those on the challenges facing Ghanaian workers, in particular, and Ghanaians in general, for which I would like to make a few remarks.

It is important to put on record, at the outset, that when COVID-19 struck, and public sector workers in some countries were either losing their jobs or getting reduced salaries, my government continued to pay the salaries of public sector workers without any reductions, and we ensured that no public sector worker lost his or her job. It cannot, therefore, be said that my government does not care about the plight of the Ghanaian worker.

I have also acknowledged on several occasions that we are in difficult times, and Government has not thrown its hands in despair, and it is not looking for the easy way out. On the contrary, we are working hard to address the current challenges facing the economy, and those that relate to improving the quality of life for all Ghanaians. I will be the first to admit that conditions of service, in the wider public service, needs improvement. However, these should be done within budgetary constraints to ensure that we do not put excessive pressure on our public finances.

Secretary-General, in 2021, for example, Government spent GH¢31.7 billion to pay for compensation of employees, that is wages and salaries, pensions, gratuities, and social security. This was paid out of a tax revenue of GH¢56.5 billion. Thus, payment for compensation for seven hundred thousand (700,000) public sector employees, alone, absorbed fifty-six percent (56%) of tax revenues in 2021. This ratio is well above the ECOWAS threshold of thirty-five percent (35%), and above the sub-Saharan Africa average of forty-three percent (43%).

The fiscal impact becomes even stark, when we consider the three largest expenditure items, i.e., compensation of employees, interest payments and statutory funds, amounted to GH¢81.3 billion, representing one hundred and forty-four (144%) of tax revenue in 2021. This means that the total tax revenue is not enough to meet our commitments on compensation, interest payments, and statutory funds, as we have to resort to non-tax revenue and borrowing to be able to meet these obligations. This shows how rigid the budget is, and how fiscal space is non-existent or limited.

Government has worked with the tripartite social partners in the past to deal with these issues, and we will need your support, now more than ever, in our forward march. I urge all of us to work hard to increase productivity so we can increase salary levels, and provide the basis for paying a “Living Wage”.

On the vexed matter of petroleum price increases, the suggestion that has been made, which has also been alluded to by the Secretary-General, is, at this moment, not a sustainable one. Removing taxes on petroleum products will reduce Government revenues by some four billion cedis (GH¢4 billion). At this time, when we are determined to expand Government revenues in order to increase our capacity to finance our own development, can we afford to reduce tax revenues by four billion cedis (GH¢4 billion)? Government is currently confronted by very tight financing conditions, in the wake of inadequate domestic revenue mobilisation. Indeed, some of the revenues from these same taxes on petroleum products is what is used to pay some of the salaries of some of the seven hundred thousand (700,000) public sector workers on Government’s payroll. We are addressing the issue of fuel price increases by implementing measures that are succeeding in stabilising the exchange rate, a key determinant of fuel prices. Government is also working hard to ensure reliable supply and availability of petroleum products, thereby preventing shortages, a phenomenon which is being experienced in some other neighbouring countries. By the same token, we are keeping the lights on in Ghana.

We should bear in mind that, even though we are a modest producer of crude oil, with a current output of one hundred and forty-eight thousand (148,000) barrels per day, we are still a net importer of petroleum products. We, therefore, continue to be vulnerable to the price volatilities of the world market for petroleum products. Nonetheless, intense efforts are being made to rehabilitate the Tema Oil Refinery, to enable it contribute to stabilising petroleum prices, which should see the light of day very soon. We are also encouraging private companies to establish refineries in the country, one of which is eighty percent (80%) complete, and is expected to be commissioned before the end of this year.

Secretary General, as we work to address these issues, we cannot take adhoc measures that will only give temporary reprieve, and only aggravate the situation even more in the medium to long-term. As much as possible, let us use existing institutions and sustainable measures to address these concerns. With respect to emoluments for article 71 office holders, which, according to official data, constitute less than one percent (1%) of tax revenues, we have to deal with issues of equity within our constitutional framework, and call for the collaboration of the Executive and Legislature to address the issue.

As I indicated at Kwahu-Nkwatia, Ghana will, again, as happened in my first term, be a shining example to the rest of the world. We are definitely on the right path, as outlined in the one hundred-billion-cedi (GH¢100 billion) Ghana CARES “Obaatan Pa” Programme. Government’s historic ten-billion-cedi (GH¢10 billion) YouStart Programme, to encourage youth entrepreneurship, will be launched by June. Together, they will help transform, revitalise and modernise the economy to enable it return to high and sustained growth over the next two (2) years. We are doing so with greater urgency to create job opportunities in different sectors of the economy. We have done it before, and we will do it again.

I shall be more than ready to share the progress with you a year on.

Just as we have worked together to reduce significantly the impact of COVID-19 on lives and livelihoods; and just as we worked together to grow the economy from the 3.4% I inherited in 2016, to an average annual growth rate of 7% in my first term, before the pandemic struck, making us one of the fastest growing economies in the world, so I remain upbeat and optimistic that working together, in all sincerity and transparency, we, the Social Partners, i.e., Government, Organised Labour and the Business Community, can help sustain the rebound of the economy, and, thereby, help improve the living standards of all Ghanaians.

In all of this, we must not lose sight of our overarching vision, which is to build a Ghana Beyond Aid. I remain confident that we can free ourselves from a mindset of dependence, aid, charity and handouts, and build a self-reliant economy which will mobilise the immense resources of Ghana, material and human, with women and youth in the forefront, to resolve Ghana’s problems, and deliver a decent, dignified standard of living to the working people of our country.

May God bless Organised Labour, and us all, and may God bless our homeland Ghana, and make her great and strong.

I thank you all for your attention.