



Public Interest and Accountability Committee (PIAC)

Press Release

10 September, 2018

PIAC TAKES INTEREST IN GNPC'S PROPERTY ACQUISITION IN TAKORADI

....Rallies Support for Finance Minister on TEN Crude Pricing.

1. The Public Interest and Accountability Committee (PIAC) has taken notice of recent revelations in sections of the Ghanaian media regarding GNPC's acquisition of a residential property in Takoradi from Global Haulage Company Limited (GHCL), a company in which the CEO of GNPC, Dr K.K. Sarpong is said to have interest. The Committee has also taken due notice of GNPC's response to the allegation of conflict of interest, leveled against the Corporation's CEO with respect to the transaction.
2. PIAC is concerned about these developments, because GNPC is a recipient of petroleum revenues, and falls within the Committee's oversight mandate as stipulated under Sect. 52 of the Petroleum Revenue Management Act (PRMA), 2011 (Act 815).
3. Pursuant to the mandate to "conduct independent assessment of the management and use of petroleum revenues to assist Parliament and the Executive in the oversight and performance of related functions respectively", as provided for in Section 52(c) of the PRMA, the Committee has written to GNPC to seek further clarifications of some of the issues that lie at the heart of the allegations.
4. The responses and documentation provided by GNPC will enable PIAC come to an informed position on the matter.
5. Meanwhile, in another matter related to the underpricing of Ghana's crude oil from the TEN Field, PIAC wishes to commend the Minister of Finance for directing GNPC to take immediate steps to address the anomaly in the pricing of the crude oil to save the country from further revenue losses. The directive, said to be contained in a memo of July 2018 responds adequately to Recommendation 10 of PIAC's 2017 Annual Report (pg. 59).
6. The PIAC report established that, in 2017, Ghana lifted four parcels of crude oil from the TEN Field. These were in March, June, October, and December. In all the four cases, the sales returns reported substantial price deviations from the Government's bench mark price, Jubilee, and BRENT achieved prices. The March lifting from TEN for instance, had a negative price differential of almost US\$5/bbl against Jubilee, and slightly over \$2/bbl against BRENT. In October, the performance of the TEN crude was worse. It suffered a negative price differential of US\$6/bbl against both Jubilee and BRENT.
7. It is important to recognise that even a dollar price differential for a barrel of crude can amount to substantial losses. This is because a parcel of crude from our oil fields is usually around a million barrels. A dollar mark-down done fraudulently can therefore lead to a loss of a million dollars per lifting.
8. PIAC in its 2017 Annual Report therefore recommended that GNPC took another look at its pricing and marketing policy for TEN crude, to eliminate the significant price difference with Jubilee crude.



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9. Given that, GNPC appears to contest this view, as evident in the Corporation's response to the Minister's directive, PIAC strongly recommends the establishment of an independent panel of experts with key representation from GNPC, MoF, BoG, PC, GRA, and PIAC, to review the TEN crude oil marketing policy, and to settle the matter.

10. We take this opportunity to assure the general Ghanaian public that PIAC will not relent in its efforts at ensuring the most prudent, and efficient management and use of Ghana's petroleum revenues, and will continue to count on the goodwill and co-operation of all stakeholders in this endeavour.

Signed,
Dr Steve Manteaw
(Chairman)

Ps:

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