

## **E.S.L.A. PLC RESPONSE TO ISSUES RAISED IN THE 2017 INDUSTRY REPORT ISSUED BY THE CHAMBER OF BULK OIL DISTRIBUTORS (CBOD)**

Accra, 4 June 2018: Further to the recently published 2017 Industry Report by the Ghana Chamber of Bulk Oil Distributors (CBOD), E.S.L.A. Plc., has done an analysis of the matters reported on. The matters of concern in the said report can be categorized into the following:

- Under reporting;
- Revenue leakage

### **Under Reporting**

The CBOD report claims amounts of GHS576.63 million and GHS339.16 million were unreported in 2016 and 2017 respectively. Whilst these amounts may have been derived by taking the gross volumes of petroleum products consumed into consideration, a pertinent factor relating to exemptions that have been granted for certain volumes lifted were ignored. The gross volumes, which formed the basis of computations by CBOD, were based on the Oil Marketing Companies (OMC) Performance Statistics report published by the National Petroleum Authority. Whilst this data accurately reflects volumes of petroleum products consumed, they cannot in their entirety be used for the computation of taxes and levies as they do not discount the volume of petroleum products that are eligible for levy and tax exemptions by law. Quite a number of institutions benefit from levy and tax exemptions and these include some mining companies, some thermal power producing companies, some state agencies and some embassies, amongst others. E.S.L.A. Plc., working together with the National Petroleum Authority, Ghana Revenue Authority and the Ministry of Finance, monitors the volume of petroleum products that benefit from levy and tax exemptions in order to ensure that the appropriate levies are collected from all Oil Marketing Companies. The Annual Report on Management of the Energy Sector Levies and Accounts for the year 2017 submitted to Parliament by the Minister of Finance discloses accurate data on ESLA levies collected for each period, net of tax exemptions.

### **Revenue Leakage**

The CBOD report estimates that an amount of GHS148.93 million was lost due to transfer pricing and GHS1.4 billion was lost due to re-export dumping and smuggling. The National Petroleum Authority and the Ghana Revenue Authority have and continue to undertake various actions to address the issue of revenue leakage. These actions include, and have not been limited to:

- The review of Export Guidelines to include requiring exporters to deposit guarantee bonds with face values equal to the tax that should have been paid on the export products. This has significantly reduced the number of companies exporting petroleum products and the volumes of exports reported, resulting in a reduction in the incidence of fuel dumping.

- The Government also imposed full taxes on Marine Gas Oil (MGO) foreign petroleum products in January 2018. Since then, there has been a drastic reduction in MGO foreign monthly volumes.

Bond holders should note that the cash flow projections used in the E.S.L.A. prospectus did not include the potential growth in ESLA receivables, which will accrue from the measures that have been put in place to address revenue leakages. The additional cash accruing from these measures will be transferred into the Lockbox Account for the benefit of bond holders.

E.S.L.A. Plc., also wishes to inform bond holders of the transfer in May 2017 of GHc295 million being amounts in excess of the Debt Service Reserve amount to the Lockbox Account following payment of the first coupon to bond holders of the E.S.L.A. 2014 and E.S.L.A. 2017 bonds. ESLA receivables are being collected in the DSRA to meet the next coupon payments.

The Board and administrators of the company continue to monitor market activities and further issuances sized not to exceed the total initial target amount of up to GHS6 billion out of the GHS10 billion bond programme, will be announced subject to favorable market conditions.

Further details including the most recent unaudited quarterly financial report of E.S.L.A. Plc for the period ended 31 March 2018 are available on the E.S.L.A. Plc., website at [www.eslaplc.com](http://www.eslaplc.com)

Issued by:



*Frederick Dennis on behalf of  
E.S.L.A. PLC*