**Thursday, 11 September 2014**

*Parliament met at 10.33a.m. in Parliament House, Kampala.*

PRAYERS

*(The Deputy Speaker, Mr Jacob Oulanyah, in the chair.)*

*The House was called to order.*

COMMUNICATION FROM THE CHAIR

**THE DEPUTY SPEAKER:** Honourable members, the good news is that all the financial Bills are now ready for our handling. So, we will have to use our time on the reports of the committees sparingly. We need to finish with those reports so that we can start on the Bills. We are doing very well and I congratulate you in advance. Thank you. (*Applause)*

CONSIDERATION AND ADOPTION OF THE REPORT STANDING COMMITTEE ON BUDGET ON THE MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW SHS 675 BILLION FROM THE DOMESTIC MARKET TO FINANCE SUPPLEMENTARY EXPENDITURE AND REVENUE SHORTFALLS FOR FINANCIAL YEAR 2013/2014

**THE DEPUTY SPEAKER:** I think we will handle that matter later. Let us deal with the budget reports.

MOTION THAT PARLIAMENT DO RESOLVE ITSELF INTO A COMMITTEE OF SUPPLY FOR CONSIDERATION AND APPROVAL OF:

I. THE REVISED REVENUE AND EXPENDITURE ESTIMATES FOR THE FISCAL YEAR 2013/2014

II. THE BUDGETARY PROPOSALS FOR THE ESTIMATES OF REVENUE AND EXPENDITURE FOR THE FISCAL 2014/2015

PRESENTATION CONSIDERATION AND ADOPTION OF THE REPORT OF THE SECTORAL COMMITTEE ON EDUCATION AND SPORTS ON THE MINISTERIAL POLICY STATEMENT AND BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014/2015

10.26

**MS SARAH LANYERO (NRM, Woman Representative, Lamwo):** Thank you, Mr Speaker. In accordance with Articles 90 and 155 (4) of the Constitution of the Republic of Uganda and Rule 177 of the Rules of Procedure of the Parliament of Uganda, the Committee on Education and Sports is mandated inter-alia:

To examine and comment on policy matters affecting Ministries Departments and Agencies (MDAs) under its jurisdiction and

To examine critically Government recurrent and capital budget estimates and make recommendations on them for general debate in the House.

Consequently, it critically examined the policy statements and budget estimates from the ministry, departments and agencies and raised issues for response by the ministers and chairpersons. The committee proceeded to hold meetings with the ministers, chairpersons and their technical teams to discuss the respective ministerial policy statements, budget estimates and other matters incidental thereto and now reports to the House.

Scope

The committee considered the policy statements of the following votes:

 Vote 013– Ministry of Education and Sports Headquarters

 Vote 111 - Busitema University

 Vote 127– Muni University

 Vote 132 – Education Service Commission

 Vote 136 – Makerere University

 Vote 137 – Mbarara University of Science and Technology

 Vote 138 - Makerere University Business School

 Vote 139 - Kyambogo University

 Vote140 – Uganda Management Institute

 Vote 149 – Gulu University

 Votes 501-850 - Local Governments.

Methodology

In considering the ministerial policy statements, the committee-

held meetings with the representatives of the afore-mentioned institutions and votes;

held meetings with autonomous bodies that take policy guidelines from the ministry;

interacted with other selected stakeholders in the education sector;

conducted field visits for fact-finding;

reviewed and analysed the following documents:

The ministerial policy statement on Education for Financial Year 2014/2015.

The Budget Speech 2014/2015.

The National Budget Framework Paper 2014/2015 – 2018/2019

Previous committee Reports on the Budget Framework Papers and ministerial policy statements.

Alternative Policy Statement – Ministry of Education and Sports.

The National Development Plan 2010/2011 – 2014/2015.

Uganda Vision 2040

Overview of the overall sector

The Education and Sports Sector is one of the country’s key social service delivery sectors because it delivers critical Government programmes such as Universal Primary Education, Universal Post Primary Education and Training (UPPET) University and Tertiary education, as well as sports for enhancing citizens’ wellness, health, productivity and the country’s image.

Mr Speaker, I beg to lay the documents I have mentioned, that is the copy of the report, copies of the minutes, letters from the ministries and the methodology.

**THE DEPUTY SPEAKER:** Let records capture all those documents, with the copy of the report.

**MS LANYERO:** For budget performance, key achievements and planned activities are contained in the documents under the different votes that I have laid on the Table. I beg that I go straight to the committee’s observations and recommendations, which is on page 49.

**THE DEPUTY SPEAKER:** Please, proceed.

**MS LANYERO:** Observations and Recommendations

Vote 013: Ministry of Education and Sports

Sector Budget Performance

The committee observed that the sector budget under-performed in all expenditure items, the worst being donor component at 27 per cent. Overall, the budget performed at 74.5 percent. This means that of the Shs 1,975.6 billion that was approved Shs 1,472.65 billion was released leaving a shortfall of Shs 502 billion. This underperformance left the committee wondering as to whether the sector budget allocations are real or they are just used to hoodwink the public that the Government is prioritising the sector.

It should be noted that whereas the overall sector budget performed at 74.5 percent by the end of the financial year, by the end of the 3rd quarter, the sector had performed at 55 percent instead of the targeted 75 percent, implying that the sector was not able to undertake most of its planned activities raising issues of prudent budget management.

The committee recommends that the Ministry of Finance, Planning and Economic Development ensures that all resources appropriated by Parliament for the sector should be released as planned because this can stifle the sector activities.

Vote functions for Special Needs and Vote for National Council for Higher Education

The committee observed with concern that it has been recommending a vote function for Special Needs Education and a vote for National Council for Higher Education since National Council for Higher Education has demonstrated that it can manage its vote properly. The committee received information that the Prime Minister has agreed to the recommendation. Mr Speaker, the letters are there.

The committee recommends that the vote function for Special Needs and a vote for National Council for Higher Education be expeditiously created in 2014 and operationalised in the Financial Year 2015/2016.

Higher Education Students’ Financing Scheme

The committee observed that during the Financial Year 2013/2014, Shs 6 billion was allocated towards the Higher Education Students’ Financing Scheme of which Shs 5 billion was to cater for students’ loan and the balance of Shs 1 billion for administrative purposes. However, the committee learnt that the actual release was Shs 4.5 billion. Of this amount, Shs 1.52 billion was utilised by the task force on pre-implementation operations while Shs 1.29 billion was transferred to Higher Education Students’ Financing Board account instead of Shs 2.98 billion.

The committee noted with concern that the balance of Shs 1.69 billion was diverted to other activities in the Ministry of Education and Sports. The committee got assurance from the ministry to refund the Shs 1.69 billion through internal re-allocations this Financial Year 2014/2015.

The committee recommends that the Ministry of Education and Sports refunds the Shs 1.69 billion immediately such that the board increases on the number of students to be funded this year. The ministry is also urged to desist from diverting funds meant for the scheme as provided in the law.

The committee recommends that Shs 1.69 billion be recovered from the vote function of policy, planning and support services to the Higher Education Students’ Financing Board.

The committee also recommends that the Higher Education Students’ Financing Board be given an independent vote in 2014 to be operationalised in the Financial Year 2015/2016. The justification is to guard against diversion and the fact that the Board is a body corporate.

The committee also observed that much as the policy covers the entire higher education financing, the ministry is focusing only on funding a few selected science programmes, leaving out humanities, other science programmes under diploma and certificate schemes. Moreover, those few selected science programmes, which were funded end up with a few students who studied in good urban schools which defeats the purpose of the loan scheme, which is intended for the poor and the needy students.

The committee observed that continuing students who are struggling with tuition were excluded, yet they are the ones about to finish and start repaying. Equally noted was that whereas the Higher Education Students’ Financing Scheme has two components, that is, scholarships and loans, the board concentrated only on loans at the expense of scholarships. The need for scholarship to be extended to brilliant students and those students with special needs should not be underestimated.

The committee recommends that Shs 1.69 billion recovered from the Ministry of Education and Sports could be used to extend loans to struggling, continuing students.

The committee recommends that the Ministry of Education and Sports in selecting beneficiaries under the loan scheme, uses domains rather than programmes to allow for flexibility across universities and changes in programmes over time.

The government sponsorship in public universities and State House sponsorship schemes should be gradually phased out and the funds put into the Higher Education Students’ Financing Scheme as provided for in the law.

The district quota system should remain and be strengthened in terms of numbers to bring about equity in social and economic development among the regions.

Teachers’ SACCO Grant

The committee observed that during the Financial Year 2013/2014, Shs 5 billion was appropriated for the Teachers’ SACCO but only Shs 4.3 billion was released. The committee learnt that the ministry procured the services of The Micro Finance Support Centre Limited as fund managers to manage the grant. Subsequently, the Shs 4.3 billion was transferred to Micro Finance Support Centre Limited account in June 2014. The committee was informed that the fund manager is currently finalising modalities for lending to Teachers’ SACCOs in districts.

It was noted, however, that the fund managers will charge 2.3 percent of the Fund Value to cover administrative costs. The committee was concerned that the fund managers’ charges of 2.3 percent, in addition to inflation charge of 6.7 percent plus loan protection fee of 2 percent, make the grant unnecessarily expensive compared to if the middleman – Micro Finance Support Centre was avoided. The end effect is that the whole sum ceased to be a grant but a loan. In addition, the committee noted lack of policy guidelines to operationalise the SACCO grant.

The committee recommends that the Ministry of Education and Sports expeditiously develops and operationalise policy guidelines and brings on board other stakeholders by the launch date of 1 October, 2014. The ministry had said that they are launching the teachers’ SACCO on 1 October, 2014 and so, we wanted that to be done before the launch date of 1 October.

It is also recommended that The Micro Finance Support Centre should only charge 2 percent for administrative costs since this is a grant to teachers’ SACCOs at the districts and leave the rest of the charges to be determined by the district SACCOs.

Teachers’ salaries

The committee welcomed the policy of decentralising the payroll for easy access by teachers and other workers. Equally noted is the implementation of Integrated Financial Management System (IFMS) and Integrated Personnel and Payroll System (IPPS) in some districts.

However, not all districts are covered in the current arrangement.

In addition, the committee appreciates Government’s effort in enhancing teachers’ pay starting Financial Year 2014/2015. However, there are cases of unexplained deletions from the payroll and delayed accessibility onto the payroll. Some delays are so abnormal and span three to five years. Once those deleted are reinstated, their arrears have not been forthcoming. This demoralises teachers and negatively impacts on the sector.

The committee recommends that Government fast-tracks the rollout of IFMS and IPPS to all districts.

It is also recommended that Government clears all outstanding teachers’ arrears by end of December 2014.

Secondary School per sub-county policy

The committee noted with concern that there are 274 sub-counties without a government-aided secondary school and 96 without any secondary school at all, be it Government-aided or PPP. This is alarming given that the secondary school per sub-county policy has been in place since inception of USE in 2007.

In addition, the committee was informed that Government is reviewing the PPP arrangement with a view of moving out of PPP schools under USE with the above glaring statistics.

The committee recommends the government should first establish a secondary school per sub-county before entering the arrangement with PPP schools starting with the 96 sub counties without any form of secondary schools.

In the short run, Government should source Shs 14 billion shown in table 5, that is unfunded priority, for the construction of secondary schools in the sub counties without a single secondary school.

In the long run, government should adopt a save-as-you-construct policy to avoid creating a vacuum in those sub counties only served by PPP schools.

Capitation grant

The committee noted that for primary education, every school is allocated a threshold of Shs 150,000 per study month, translating into Shs 1,350,000 per month for the nine study months in a year. The balance of the money is allocated per pupil based on enrolment derived from annual school census.

For secondary education, overall requirements are based on figures from the head count exercise on a unit cost of 41,000 perstudent per term in government aided O’level school and in PPP O’level schools, it is Shs 45,000.

The committee noted that the head count exercise for financial year 2014/2015 budget process realised an enrolment of 854,326 for USE and 64,186 students from UPPET thus a budget requirement of Shs 128.13 billion against a budget ceiling of Shs 105.999 billion reflecting a shortfall of shs 22.53 billion.

The committee recommends that Government should increase capitation grant per child per year at primary level from Shs 7,000 to at least 10,000 and at secondary level from Shs 41,000 to 50,000 for Government aided O’level schools and at Shs 47,000 to Shs55,000 for PPP O’level schools.

Mr Speaker, the committee year in and year out has been giving this recommendation to government but nothing has been done.

Limited budgetary growth

The committee observed that the sector continues to face challenges of limited growth in budgetary allocations on the national resource envelope vis-à-vis ever increasing learning enrolment and financial needs. As a result, the sector faces a daunting task of how to fully implement the teacher per child policy to improve pupil teacher ratio to 53:1 especially in rural areas.

Adequately procure instructional materials to the desired pupil book ratio of 3:1 at all levels, balancing a growing enrolment *vis-a-vis* the rate of class room construction under UPE, school facilities grant, budget of Shs48 billion for classroom construction has since reduced significantly to Shs 27 billion in Financial Year 2014 implying that less classrooms are constructed.

Improving on the proficiency levels at primary and lower secondary that is primary three to primary six, and senior two; adequately recruit and retain teachers especially science teachers at secondary schools, construct more laboratories and provide science equipment for chemicals and reagents to schools for practical purposes, adequately staff PTCs, where half of the teaching positions are vacant and with major gaps registered in special needs education at 87 percent. Physical Education and sports at 52 per cent, English Language at 50 per cent and Mathematics and Science teachers at 44 per cent.

Improve low staffing levels at public universities averaging at 43 percent of improved staff establishment, which is so low and negatively impacting on quality of higher education.

Increase funding for research at public universities, motivate teachers supporting learning with special learning needs given that the success beyond ordinary teaching in schools, formalise special needs education support services, sign language interpreters, for instance, are widely required but have not been formalised by Government.

This makes sourcing their support where they are required problematic.

Adequately support UAF and FUFA activities, improve the regional stadia to level of complementary sports facilities of international nature to enable Uganda host major sports events.

Physical Education

The committee noted that whereas the country has made strides in areas of sports, Physical Education has been totally neglected. The committee recommends that the Ministry of Education and sports re-emphasises Physical Education in schools.

Mr Speaker, you are aware that we have been excelling in sports, the Commonwealth games, then even yesterday the super performance- the Uganda Crane performance. So, we have made a stride in the areas of sports but we need more on Physical Education.

Guidance and counselling

The committee observed that guidance and counselling has not been taken seriously by the schools. The senior woman teacher or senior master in schools have limited capabilities in guidance and counselling because they are not trained in that area.

Their approach and method and method of work tend more to policing than guidance and counselling. The teaching load for the senior woman teacher and senior master encroaches on the time for guidance and counselling. There is need for a trained counsellor starting from primary schools.

The committee recommends that trained counsellors be recruited for every school starting from primary level to minimise drop-outs and strikes.

Skilling Uganda

The committee observed that much as the Ministry of Education and Sports has done a lot in paying capitation grant for students, science equipment and infrastructure development, there was a lot to do with skills development that needs to be attended to. For example, there was still a problem of esteem where vocational and Technical Education is looked at as second rate education meant for those who are not as brilliant.

There was the problem of how the curricula at the different levels could talk to each other. There was a problem of not having qualification same work and in effect not being able to recognise trial learning and a problem of flexibility as the day programme cannot attract students.

There are many stakeholders in the skilling Uganda programme – Government, private sector, civil society and the general public and most of these stakeholders seem not to be fully aware of what was happening in the programme, let alone knowing that training for the world of work and looking at employment as employment is the way to go.

There was a recent task force that was created about three years ago by the ministry and exchange year plan that was drawn two years ago and the task force does not seem to be moving as planned and implementation of a strategic plan is far behind schedule.

The committee recommends that a stakeholders’ conference be convened so as to bring all stakeholders on board and build national consensus about the need to adequately fund the programme of skilling Uganda.

The task force is facilitated to execute its mandate. The strategic plan is implemented – the legal regime related to skilling Uganda be reviewed and a comprehensive one come up with; curricular for all levels be reviewed so that they build into each other and flexibility is in-built.

National council for higher education

The committee observed that while the establishment governance and regulation of higher education institution in Uganda is governed by universities and other Tertiary Institutional Act, it is the same Act that established the National Council for Higher Education and gives the council a mandate to regulate the establishment, management and the quality of education in higher education institutes in Uganda.

The committee, therefore, carries out one of the most critical mandates for Uganda development bearing in mind that higher education is the heart of the country’s economic growth and development, for it is in higher education institutes that research and innovation are done and knowledge generated.

Despite that critical mandate, the council still has a problem of office space, underfunding and understaffing. This problem compromises its efficacy in supervising and regulating higher education institutions. The committee further observes that the need for supervising and regulating higher education institution is more than ever before because the demand for higher education is growing exponentially. There is competition among institutions and because of competition, there is a reputation race among institutions. The reputation race has eroded internal self-regulation and cannot allow the culture of quality to develop.

There are very many institutions and campuses being put up by private entrepreneurs that are below the minimum standards and National Council for Higher Education seems not bothered about the scenario. These institutions were admitting any student irrespective of performance at high school not being mindful of the basic standards laid down by the law.

In effect, NCHE informed the committee that the council is helpless in that at times it has closed down some of these institutions or even revoked their licenses but defiantly, the institutions continue operating.

There was complacency on the part of the council when it came to licensing private universities. While it is true the law provides for a university to be provisionally licensed for at least three years, some universities have been provisionally licensed for close to two decades. This compromises quality and reduces the chance of NCHE to generate revenue from licensing.

The committee, therefore, recommends that the council be funded adequately to enable it to recruit enough staff, have office space and procure other services so that it is able to execute its mandate, bearing in mind that higher education is the heart of any country’s economic development.

Much as there is commitment by the ministry to accord NCHE vote status, the committee recommends that the vote is created in 2014 and operationalised in Financial Year 2015/2016.

Mr Speaker, before I proceed, the ministry has given us a commitment in written form that NCHE should finally be accorded vote status but we are requesting that it should be operationalised in 2014/2015.

The NCHE should become more assertive and invoke the law where institutions whose licenses have been revoked refuse to comply and even use law enforcement agencies like court, police and local governments to ensure compliance. After all, the cost of litigation and eventual eviction will be passed on the non-compliant institutions.

The NCHE should review the licensing process for private universities and in case of a lacuna in the Universities and other Tertiary Institutions Act that makes licensing difficult, it calls for amendments to the law.

The NCHE should facilitate the process of setting up a joint admissions board for private universities or all private students including those admitted in public universities.

Mr Speaker, for the sake of quality and to make the work easier and also to make students benefit equitably from the loan scheme, we felt that there should be a joint admissions board for all the private students because we have one for the public universities, which is only for government sponsored students but we really feel that National Council for Higher Education should be facilitated so that they set up a joint admissions board for private admissions.

Vote 111: Busitema University

Multi Campus Nature of Busitema University

The committee observed that when allocating resources, Government has continued to treat Busitema University as a single campus university and yet, the university is implementing a multi-campus model.

The committee believes that the unit cost of a multi-campus model is higher compared to a single campus university and should be treated as such. The campuses have potential to spur development and transform lives of communities where they are located.

Besides, the development budget of Busitema University has remained fixed at Shs 1.078 billion for three consecutive fiscal years, that is 2012/2013, 2013/2014 and 2014/2015. Besides being static, this budget allocation has lost value because of inflation. The committee also noted that the university has registered many changes along the way. For example, a new campus at Mbale has come on board and additional academic programmes like Medicine are now in that campus.

Further, the university took over national colleges with dilapidated and insufficient infrastructure, which requires major renovations to the standards required of a university. That is like the one in Arapai. The development budget is severely constrained considering that the above allocation is supposed to cater for infrastructural development. The committee was informed that the university estimated budget for Financial Year 2014/2015 is Shs 55 billion but only Shs 20.3 billion was provided. That is less than half.

The committee recommends that Government recognises the special status of Busitema University and accords it a realistic budget based on the unit cost.

Local Area Network (LAN) and Wide Area Network (WAN)

The committee noted that the university has inadequate ICT infrastructure, yet, it is a multi-campus model that requires basic ICT infrastructure to ease communication and e-learning.

The committee, therefore, strongly recommends that Government, through the Ministry of ICT, supports the university to access the national backbone for teaching, communication and management.

Science Performance in upcountry schools

The committee is aware that admission to public universities under Government sponsorship is based on merit and is handled by the Joint Admissions Board (JAB). The committee also noted that schools in rural areas do not have enough teachers and lack facilities for teaching science subjects as compared to schools in urban areas.

The committee recommends that Government urgently recruits science teachers and provides the necessary facilities including laboratories and other teaching aids.

Gratuity

The university has an outstanding obligation of Shs 3 billion towards staff gratuity who were employed on contract terms. In the last Financial Year 2013/2014 budget only Shs 400 million was provided. In the current financial year, Shs 379 million is available, leaving a balance of Shs 2.21 billion deficit.

The committee recommends that the university be supported with the clearance of the outstanding obligation of Shs 2.21 billion.

Presidential pledge

The committee noted that during Financial Year 2009/2010 a budgetary allocation of Shs 2,937,000,000 was made then under vote 013 - Ministry of Education and Sports towards kick-starting Namasagali campus in fulfilment of the presidential pledge to establish a constituent college of Busitema University. This was to cater for capital development and non-wage expenses. The Ministry of Education and Sports released to the university Shs 1,735,619,440, leaving a balance of Shs 1,201,380,560.

The committee recommends that the balance be released so that some essential infrastructure can be developed to cater for growth of the campus and to enhance provision of quality education.

Mr Speaker, the infrastructure that was supposed to be in Namasagali campus included fish farming. This is not there because this budget was not released entirely.

Vote 127: Muni University

Budget allocation

The committee observed that budget estimates for 2014/2015 computed by the university was Shs 15 billion consisting of: wage bill was Shs 4 billion, non-wage recurrent at Shs 3 billion and development budget at Shs 8 billion.

The budget was however reduced to Shs 6.5 billion only. This is less than half of the university’s budget estimates despite the fact that Muni University is set to enrol the first batch of students in academic year 2014/2015 and is set to open its gates to students in mid-August, 2014. In fact, Mr Speaker, they have already opened and they have admitted 100 students this year.

The committee wishes to bring to the attention of Government that starting universities require more funds especially for the development component compared to those already established. In addition, Muni University is the only university in Uganda that has been started without having inherited a single structure, not even a primary school structure. The structures constructed are not even 100 percent completed.

The committee, therefore, recommends that the Total Budget of Shs 15 billion be provided to Muni University to enable it develop the necessary infrastructure to deliver its mandate.

The committee further recommends that Government should increase funding for Muni University since it is a beginning university with small enrolment that does not raise much funds through Appropriation In Aid (AIA) nor does it enjoy economies of scale.

Vote 132: Education Service Commission (ESC)

Acquisition of office space -

**THE DEPUTY SPEAKER:** Madam Chairperson, are you about to finish?

**MS LANYERO:** Mr Speaker, I asked her how much time I still have but she did not tell me, because I am not about to finish. So, I wanted to know so that I can programme myself accordingly.

**THE DEPUTY SPEAKER:** You have seven minutes.

**MS LANYERO:** Thank you. The committee recommends that Government should expedite the process of housing all her department in a common defined location to ease communication between Government departments.

The committee also recommends that Government finds more resources to finalise implementation of this Irish aid funding cycle. Otherwise, half implementation of the programme is worse than no implementation at all.

The committee recommends that the Ministry of Education and Sports and that of Public Service should disseminate guidelines to the teaching service on training with regard to promotions and improved terms of service.

Scheme of Service

The Committee also learnt that the scheme of service has been partially implemented in primary schools and tertiary institutions and is yet to be implemented in the secondary schools. There is also the scheme of service whereby each year, a teacher’s salary increases gradually but it is not being implemented.

The committee recommends that the ESC be facilitated to popularise the scheme of service and also carry out its full implementation.

Automatic salary increment

The committee observed that teachers have not been previously awarded their automatic annual salary increment as provided in the Public Service Standing Orders and in their letters of appointment. The committee recommends that with the decentralisation of the payroll, this anomaly should be addressed.

Vote 136: Makerere University

The committee recommends that Government priorities the availability of the required resources to enable the university recruit the required numbers of lecturers especially for the senior lecturers.

The committee recommends that for all the universities, Government takes over the wage bill to 100 percent as it is the case with other public agencies.

And on the student’s welfare, the committee recommends that instead of the Shs 4,000 per student that the government gives for feeding, it should give Shs 10,000 per student per day to help them in their welfare.

Vote 137: Mbarara University of Science And Technology

The committee recommends that Government takes up the university wage bill to 100 percent.

The committee recommends also that Government expedites the implementation of the African Development Bank grant for the construction of facilities in all public universities.

Vote 138: Makerere University Business School

In Makerere University Business School, the students did not get money for internship. So, the committee recommends that Shs 0.18 billion be provided to facilitate students at MUBS, just like all other public universities to undertake internship in an effort to acquire practical skills.

Vote 139: Kyambogo University

On space, the committee recommends that Government expedites the implementation of the African Development Bank programme for the construction and rehabilitation of higher education and science facilities in public universities.

Vote 140: Uganda Management Institute (UMI)

The committee recommends that Government expedites the ADB (HEST) project implementation. The committee also implores UMI management to go into PPP arrangement to address their challenges.

Vote 149: Gulu University

The committee urges the Government and the university to put more effort to make their dreams a reality and recommends that Government gives capital for the university to invest in their entrepreneurial ventures.

Vote 122: Kampala Capital City Authority (KCCA)

Mr Speaker, there is an issue of school land being grabbed by investors. The committee recommends that KCCA prioritises having school land surveyed and eventually titled.

In KCCA schools, there was also the issue of appointment of teachers. The committee recommends that primary school teachers recruitment should be done by a competent body and under the current legal regime of KCCA, the authority should seek the services ESC to recruit the teachers.

Vote 500 Series: District Local Governments Budget

The committee recommends that funds appropriated to local Government for the delivery of education and sports services be released as planned.

Conclusion

In conclusion, Mr Speaker, subject to the recommendations advanced above, the Committee on Education and Sports urges the Committee of Supply to supply to the following votes under the Education sector the following recurrent and development budgets for the Financial Year 2014/2015:

Ministry of Education and Sports: Recurrent, Shs 137,679,379,000; Development Shs 269,305,139,000 which brings a total of Shs 406,996,518,000

Busitema University: Recurrent, Shs18,812,399,000 Development is Shs 1,550,580,000, which brings it to a total of Shs 20,362,979,000.

Muni University: Recurrent Shs 4,629,000,000 and then Development is Shs 2,507,000,000 which brings it to a total of Shs 7,199,200,000.

Education Service Commission: Recurrent, Shs 5,106,284,000, and Development is Shs 653,061,000 which brings it to a total of Shs 5,759,345,000.

Makerere University: Recurrent Shs 195,251,000,000 Development is Shs 33,942,000,000 which brings it to a total of Shs 229,194,759,000.

Mbarara University of Science and Technology: Recurrent Shs 23 billion and Development Expenditure of Shs 4billion, which gives a total of Shs 27,925,615,000.

Makerere University Business School: Recurrent expenditure Shs 50 billion Development expenditure, Shs 6 billion, which brings it to a total of Shs 57,025,313,000

Kyambogo University: Recurrent Shs 56.852 billion; Development expenditure is Shs 7.97 billion, making a total of Shs 73,960,034,000.

Uganda Management Institute: Recurrent expenditure is Shs 15billion; Development expenditure Shs 6.21 billion, making a total of Shs 22, 261, 015,000.

Gulu University: Recurrent is Shs 19.771 billion, Development expenditure is Shs 2.935 billion, making a total of Shs 22,706,769,000.

Mr Speaker, I beg to report.

**THE DEPUTY SPEAKER:** Thank you very much, Madam Chair. I also thank the committee for a very elaborate report that has been very well presented by the chairperson. I congratulate you.

Honourable members, the motion I propose for your debate is that the Report of the Sectoral Committee on Education and Sports on the Ministerial Policy Statement and Budget Estimates for the Financial Year 2014/2015 be adopted. That is the motion for your debate and it starts now. Take note that the rules of time still apply. Going by the numbers, we might have to review the time to be allocated. Let us do three minutes.

11.25

**MR BENSON OBUA OGWAL (UPC, Moroto County, Aleptong):** Thank you very much, Mr Speaker. I would like to thank the committee for this report. However, I would like to address myself to one or two issues. The first is about the students’ loan scheme. We always fail to get things right in this country because we do not plan ahead and by the time we get to implement them, we just mess them up.

So, the issue of the students’ loan scheme, which has been talked about for long, I see it going down that lane. I want to find out how the selection process has been done and who are these students? I will not be surprised if the whole thing, as always, has been politicised.

Therefore, I would like to request that we review this loan scheme. There are many examples to learn from. I lived in Ghana for many years. In Ghana, the loan scheme has been working for a very long time. Students are given loans from their equivalent of our NSSF. They are not under obligation to pay until they have started working. The interest rates are so low. There are guarantors to ensure that these students will eventually pay. In our case, how has this been done?

Mr Speaker, in this case, I would like to suggest that we possibly benefit only the most deserving students but eventually, all students should be entitled to this scheme. In Ghana, it does not matter whether you are from a rich family; all students are entitled to it and if they want to apply for it, they just do so. Everybody gets so that there is no discrimination.

Secondly, when we talk about education, issues of equity, access and quality are very important. In Uganda, we seem to have sacrificed quality at the altar of access. That is why we say “*bonna basome*.” UPE was a very good idea but again because of politics – you remember it was announced during political campaigns and indeed, we went in hastily and UPE is totally messed up. (*Member timed out.)*

11.29

**MS MARGRET IRIAMA (NRM, Woman Representative, Moroto):** Thank you very much, Mr Speaker. I would also like to thank the committee for presenting a very good report. The report talks about a policy where each sub county has to have a secondary school. However, I wonder what is happening in this country because there are sub counties in Moroto District, which have never had even a seed secondary school. This has forced some of the students to go to Kenya. But when they come back to Uganda, they sometimes have problems when they want to join maybe senior five and other classes.

May I know from the minister when such disadvantaged sub-counties will get secondary schools as stipulated in this policy? We have policies in place but implementation of these policies is always a problem.

Much as my colleague has already talked about the students’ loan scheme, it is very disadvantageous. It is going to create a situation where there will be a gap between the working and the non-working classes. The Ministry of Education and Sports should tell us that we should not have art subjects in the curriculum. Why would we have them if we are not embracing arts in this country?

If that is the case, then Parliament had better do something. Otherwise, we are going to see most of our students “rotting”in the villages. This is true because most schools in the rural areas cannot teach sciences because they lack proper laboratories to conduct practical sessions. So, how do we see the future of this country? I think there is something crimping up that we donot understand and the ministry should better tell us.

I thank the committee for raising the issue about teachers’ SACCOs but I hope these SACCOs are going to benefit every teacher in this country. Maybe, it would even better for us to know how much money is going to be injected into those SACCOs and how much each teacher in this country will benefit. Otherwise, it is a very good initiative.

Mr Speaker, the Ministry of Education and Sports at times does not sensitise the public on what is going on. That is why many people do not understand the reforms that the ministry is coming up with. They are good reforms but because of inadequate sensitisation, fewer people will get to know about them. Thank you very much, Mr Speaker.

11.31

**MR JOHN BAPTIST LOKII: (NRM, Matheniko County, Moroto):** Thank you very much, Mr Speaker. I would like to join my colleagues to thank the committee for presenting a very good report. However, I want to mention one or two things that were not mentioned in the report.

The issue of pre-entry examination for the students that apply to do law at Makerere University; there is a standoff between Ministry of Education and Makerere University as to whether there is a requirement that somebody has to do a pre-entry exam.

We know that students at A ‘Level do an aptitude test by way of doing General Paper. I thought that is a way of testing one’s IQ. Why then subject students who apply to do law to another examination and yet some of them might have scored highly at A ‘level? Can the ministry pronounce itself on this matter because our students have gone as far as taking the matter to court?

Last month there was a student who scored triple A, went and did pre-entry exams in Makerere University, he scored 53 percent but all the same, the poor student was not taken for law at Makerere University. Therefore, can we know from the minister, what is happening in the country? Is there any law that backs the pre-entry exam as a pre-requisite for doing law in Makerere University?

Secondly, I want to add my voice to the colleagues that have mentioned the challenges that faced the students who applied for the loan scheme. I must say that the disadvantaged districts especially those in Karamoja, because of the poor schools, there are no good teachers, the laboratories are not equipped, were disadvantaged. Here they say, they want to prioritise science students but again, in the country side, we do not have equipment that can enable these students pass very well and therefore, access this very prestigious loan scheme.

We have in a way tried to lock out some areas from accessing this. I am suggesting that we should have slots in every district. If a district can afford to send students for sciences, let them be given that but even where a district does not have students going for sciences, then you should give the slots to Arts students –(*Member timed out.)*

11.35

**MR KIYINGI BOSSA (Independent, Mawokota County South, Mpigi):** Thank you very much, Mr Speaker. I would also like to thank the committee for the comprehensive report. I have a few issues to raise. First, about the loan scheme; in my view, I would urge the ministry to devise a way of opening it up for all potential students or applicants. Not many students out there are able to cater for their fees especially when it comes to higher education. We are being burdened as Members of Parliament. Personally, I have to part with money for more than 10 students coming my way. If it is only restricted for science subjects, then I believe there is a very big problem; in this scheme coming out many students were having high hopes. In my view honourable minister I believe you need to do some thorough research and if there is a way a door can be opened for all students who need to utilise this scheme so that they are not left outside.

As far as the teacher’s SACCO is concerned, I do not think it is fair for such a programme to wait an entire financial year and we are told now that it is with Micro Finance Support Centre and they are still carrying out some modalities. Really? I do not think this is fair. I would call upon the ministry to probe this and to find out really what the problem is because teachers out there were excited last financial year when this came from the President. I believe they are ready prepared to utilise it in their SACCOs. However, when it comes to the interest rates, those also need to be checked because this is grant. When you try to make it like another loan, it may not bring out the results that we are looking at.

I also agree with the committee in as far as Physical Education promotion is concerned. I call upon the ministry to look at how best this can be promoted even if it means one or two points to encourage the pupils who have the talents to come out and exploit this talent. I believe it will promote the sports sphere in our country.

I conclude by urging the ministry to consider even if it means having an MOU with the Ministry of ICT to make sure that all schools from primary going upwards have the computers. There is no way we are going to promote computer studies when there are no computers in schools. It is my prayer that this be given due diligence. Thank you, Mr Speaker.

11.38

**MS ROSEMARY SSENINDE (NRM, Woman Representative, Wakiso):** Thank you very much, Mr Speaker. I would like to thank the committee for the work well done. I just want to make an observation. We do appreciate the fact that enrolment in higher education has increased by 0.6, it increased by seven percent in secondary and in primary by 0.6. However, my concern is the increased enrolment has not been matched with the recruitment of teachers. This is a very serious concern. We would like the ministry to tell us what is happening and what our children should do.

We appreciate the fact that we have a policy on science subjects. But it is true that we do not have enough teachers for sciences but like my colleagues have pointed out, after senior six, our children are given the loans only if they are doing sciences.

I would like to agree with my colleagues that as Parliament we request the government to change the policy. Instead of only supporting the science students, they should also support the arts students. The principle of equity should apply. (*Applause)*

Another issue is about skilling Uganda. We know very well that the biggest problem that our Government is faced with is unemployment but it is very unfortunate that skilling Uganda may not achieve the objectives that were intended. Reason being that it is unfunded. I would like to suggest that we fund this skilling Uganda so that our children can be self-employed since this is a problem we are still faced with.

I would like to also request that we have had a challenge in our schools especially the UPE and the USE schools where funds are released very late. Much as this has always been talked about but the problem still persists. So, the ministry should help us in this. Otherwise, we have met headmasters who at the end of day go to borrow money in order to run the school, with the hope that when money comes they will pay back.But when they pay back, they have to do so with interest. In my district, I have head teachers who have been put in prison because of loans and yet, the money they borrow is to help them run the schools because they do not want to be looked as if they do not do their work.

I think we are still faced with big problems. (*Member timed out.)*

11.41

**DR CHRIS BARYOMUNSI (NRM, Kinkiizi County East, Kanungu):** I thank you very much, Mr Speaker. I also add my voice to those who have spoken to thank the committee for a comprehensive report.

I have just two issues. I associate myself with the comment made on the students’ loan scheme. I was approached by a student from Rukungiri District who is an orphan, sat his exams in Kabale, was admitted for Pharmacy in KIU and he was not considered. He was saying that he is an orphan, does the ministry want him to die also before he can be admitted on this loan scheme. So, we would want to know the criteria that the ministry or committee has used to select the students.

Secondly, on the issue of the UPE quality. I have listened to the President when he tours the country like when he came to Kanungu. He says that Universal Primary Education is free and he actually discourages parents from contributing anything towards the education of their children – that is how I get him -and yet the law that we passed here in 2008 for primary and secondary education, accepts that parents and other contributors can make contribution towards the running of both primary and secondary education.

So, there is a need for Government to harmonise the position that we communicate to the public. Some head teachers have been arrested when they work with parents to put in some additional contributions from the parents and this is affecting the quality of education in our various communities.

The ministry should come out very clearly and guide parents that these are their children and they can make a contribution towards the running of the educational services so that we can address issues like feeding of school children, adding on the infrastructure like the staff housing and many other related areas. Otherwise, I know that Government may not be able to adequately fund what we require to run our schools.

So, I want a clarification from the ministry on how you are going to guide our parents all over the country to appreciate that they must contribute towards the running of our education system. I thank you very much.

11.44

**MR KASSAINO WADRI (FDC, Terego County, Arua):** Thank you very much, Mr Speaker. I wish to thank the chairperson and members of the education committee for giving us a very comprehensive report. I have a number of issues that I want to raise to the attention of the Ministry of Education.

Many times, we take teachers for granted and yet, they constitute the largest fraction of the public service in this country. Teachers serve under and their appointments are guarded by the Public Service Commission and therefore, their entitlements and conditions of service are clearly spelt like any other civil servants. If teachers of this country one day walk to their senses and want to advocate for their rights, believe you me that will the time when this Government will be shown the exit.

The salary of a teacher is a right. The annual increment is even clearly stated in their terms and conditions of service. For all this long, that we have not paid these teachers; are we now going to pay the arrears? Are we going to pay the arrears because a person only ceases to get the annual increment if he has reached the bar by which he should have been promoted to the next rank and that is when he ceases to have increment. But before he reaches that bar, every year, a civil servant in this country is entitled to an annual increment of his salary.

The second issue that I want to address my mind to is this boast that we now have so many children enrolled under UPE, mindless of the quality of education that we are offering them especially when we know that the teacher, pupil to book ratio is wanting. You go to a whole secondary or primary school and it is only the class teacher who has got a text book. The class teacher is the only authority. The teacher cannot even have an opportunity to say, “Okay, when you go the library for your studies, you will get this text book,” So, how do you expect this teacher to perform? How do you expect them to excel in academics when they cannot get access to materials for learning?

Worse still, this policy of thematic syllabus puts many of our children in the countryside to a disadvantage. In Kampala, by the time children get to primary one, they have gone through nursery and from home, they are speaking English and by the time they reach primary six and seven and get these examinations set by UNEB, it is a normal thing for them. But take a child from Terego who is only expected to begin learning English in primary four or five. How do you put that child on the same level with a child who has gone through English as his mother tongue?

So, I think that we need to revisit this policy if we are to have – *(Member timed out.)*

11.47

**MS HELEN KAHUNDE (NRM, Woman Representative, Kiryadongo):** Thank you, Mr Speaker. I thank the chairperson and the members for the report. Five years ago, the President of the Republic of Uganda promised the people of Bunyoro a university. He said that he would upgrade Kigumba Cooperative College to a university status. I would like to know from the minister how far she has gone with implementing this.

Much has been talked about in the report but I have not seen anything to do with the dropout rates. The dropout rates are increasing and I do not know why the committee did not capture this. It is a very big challenge in this country especially in my district.

On several occasions, the Committee on Education and Sports has made a recommendation that sanitary towels be distributed free to girls especially at primary level in order to retain them in school but the minister and the ministry have never implemented this recommendation.

On the issue of the libraries and text books, I have visited several of these universities and colleges and in particular, the one at Kigumba Cooperative College, the text books are as old as 100 years plus and have almost become irrelevant. Most students rely on the internet, e-books or e-libraries. You find that public institutions do not have sufficient infrastructure for ICT. Therefore, no wonder we still talk about skilling Ugandans; they do not get the relevant skills because they are no text books or internet and you cannot really do research.

Now days, most students depend on internet for their research and therefore, the ministry should really look into that in order to have skilled Ugandans.

On the issue of student loans, I would like to know from the minister why the student loan is not applied to the diploma courses. It is only the students at university level that are benefitting and yet, the minister is well aware that given the inadequacies that have been mentioned by Members, students in rural schools cannot get those points to get into these public universities. The ones that get few points are admitted for diploma courses but even when they try, they cannot benefit from the students’ loan. Therefore, I would like to know from the minister why poor students cannot benefit from this scheme. (*Member timed out.)*

11.50

**MS FLORENCE MUTYABULE (NRM, Woman Representative, Namutumba):** Thank you, Mr Speaker, for giving me the opportunity to contribute to the report. I appreciate the committee for the comprehensive report and my emphasis is going to be on the facts of the children between three to five years as I have not seen it in this report *–*

The total budget for the early childhood development and education in the Ministry of Education is at Shs 15 million only and the first quarter release was only Shs 3.75 million. Does the ministry really take it very important that the children between three to five years should be catered for yet there are four million children in Uganda aged between three to five years but only 500,000 children are enrolled for the Early Childhood Development Education Programme. We currently have 2,469 ECD centres but 74.6 percent of those are privately owned and the rest are community owned. Where is the hand of the Ministry of Education? Are we leaving the early childhood development or the early childhood education in the hands of the private sector and yet ECD is the foundation of the well-being of a child?

Research tells us that the brain of a child develops between zero to five years and if we do not work on this child at that age, it means that child will not be competing as colleagues have said. How do you imagine a child from Namutumba who has not attended Early Childhood Development Programmes to compete with those who can afford the cost of the nursery school?

Mr Speaker, if a modest of Shs 3,000 per child per month a total of 35 billion a year is provided, it would greatly improve the quality of education and the well-being of a child.

I propose that Government provides this Shs35 billion for the ECD programmes in schools and then – (*Member timed out.)*

11.53

**MS BEATRICE ANYWAY (FDC, Woman Representative, Kitgum):** Thank you very much, Mr Speaker. I thank the chair and the committee for the report.

On the student loan, I would demand that as Parliament, we get the list of students who have benefited by district and by course so that we fast-track who are really these students who are given this loan. I am also wondering when you looked at the list, more are actually funded in KIU, a private university while Government has our own universities. Is it a motivation further for Basajjabalaba? (*Laughter)*

Mr Speaker, I am also wondering that this loan given to the students with a high rate of unemployment, how is the recovery going to be? I would want the minister to assure us on that.

I am also wondering - from the report, we found that there are some funds diverted to the ministry, which should really help skill our unfortunate students. The committee did not tell us they were diverted for what activities.

I would want to torch into the composition of the board. As you are aware, there were issues with the composition of the board for the high education where this money now has again been diverted.

Some of the members on that board have been implicated at Kyambogo University and they have been pushed to that board. We would want to see, isn’t there a root of the same corruption being continued?

I would have also wanted the minister to give an explanation if they have in place the programme of nodding children.We have over 7,000 children who are deemed unable to attend regular education. They are not even falling under children with difficulty of learning, they are not even catered for.What is your plan to incorporate these children so that they are also catered for while they still live and await their day to depart.

I would also like the minister to explain to this august House; we have had controversy in Kyambogo University and it has been there for quite long and we had choice as a result of the existing Chancellor Mr Ndiege. The court found him innocent and exonerated him from the wrong doing. Why did the minister not re-instate his term and why didn’t the minister punish the staff and the lecturers who gave wrong impression hence sacking of Prof. Ndiege?

Lastly, I would want to know from the minister, the Government student allowance in Kyambogo University; they are not being given their money, students are given 20,000 and others have never been given. (*Member timed out.)*

11.56

**MR JOHN SSIMBWA (NRM, Makindye Division East, Kampala):** Thank you very much, Mr Speaker. Since we are debating the report of the Committee on Education and Sports, allow me to first and foremost to congratulate Ugandans and the Uganda Cranes for the win that we achieved yesterday over Guinea. (*Applause)*

This year, Uganda has done well in sports. We are the champions in East Africa among the students, we won medals during the Common wealth and our netball team is doing well. When you look at the budget which we are discussing today, we are putting a lot of emphasis on education and sports is being neglected.

May I ask the Minister of Education and Sports what plans do they have to ensure that the sector of sports is funded instead of us always seeing hon. Bakabulindi leading delegations of sportsmen going to the President to beg. Recently, the netball team could not travel and they had to go to the President to beg. We have been seeing many sports disciplines going to the President to beg. When shall the ministry come up with a budget that can support sports in this country because sports is doing us a lot of good.

Secondly, is about the seed schools we are talking about. The Minister of Finance is doing a lot of disservice to this nation. The Ministry of Education has gone ahead to construct- currently, they are 28 seed schools that were completed but they have not been funded by the ministry to start operating. Now, when we talk about constructing other schools in these other sub counties that do not have secondary schools, what of these ones that have been constructed and the Ministry of Finance has refused to release money to these schools to start operating?

For the whole of last year, these 28 schools did not operate and even this year, there is a possibility that they might not operate. So, we have buildings without students going to schools. So, may we know when should Minister of Finance release these funds to these schools so that they become operational.

Mr Speaker, the other one is about the capitation grant. Government always spends moneyto carry out head counts of these students in primary and secondary schools. To my understanding, this is done to ensure that money released is equivalent to the number of students in those schools. (*Member timed out.)*

12.00

**MR JACOB OBOTH (Independent, West Budama County South, Tororo)**: Thank you, Mr Speaker. Ministry of Education; Ugandans demand equal access to education. The people of west Budama demand equal access to education; a sub county in Yolwa where Lakwena war was staged many people died, property was lost, livestock was lost, the Jophadolas were known as cattle keepers at some point. The Lakwena war took away the cows. The poorest lot in Tororo are the people from Yola sub-county. They have begged for a school for the last very many years. Their good President has directed that a school be given to them, Ministry of Education and Ministry of Finance and I have seen the twenty schools per year under unfunded and underfunded priority, we need Shs 14 billion.

Honourable minister of Finance, we need Shs 14 billion to help Ministry of Education take education to the under privileged. (*Applause)*

Mr Speaker, the teachers SACCO, I need clarification from the minister; is it a loan or a grant? Why did you create that middleman? From Micro Finance Support Centre, two per cent, loan protection, 2.3 per cent, to 6.7 for inflation, what will the district SACCOs do? By the time it goes to the teachers, it will be at 35 per cent. Is that a loan or a grant? We need it on record here. If it is a grant, we shall know that a grant has no such conditions.

Mr Speaker, we also want to get clarification from the minister concerning the recent High Court ruling on that judicial review about PUJAB. I have people who want to know whether PUJAB is a legal entity. One of the pronouncements was that PUJAB is not a legal entity and that they do not have capacity to admit or not to. Can we have that clarification?

Regarding students loans, how I prayed, how we spent time here trying to make that law that would help poor children access education? Little did I know that there would be discrimination! Poverty does not discriminate. It does not know who is a scientist or who is an artist. I wonder how many ministers in the Ministry of Education are scientists –*(Member timed out.)*

12.03

**MR WILFRED NIWAGABA (Ndorwa County East, Kabale):** Thank you, Mr Speaker. I have three issues to raise. One, when the ministry is compiling district statistics of those who have benefitted from the students’ loan scheme, I would request that they also come up with statistics to show us which students have benefitted from that loan scheme that have also gone through UPE and USE schools so that we know how fair this scheme is.

Two, concerning the mentality of some people in leadership that only sciences are a prerequisite for development, we should get statistics from the ministry on which country has developed while excluding the humanities: entertainers, lawyers and religious leaders so that we know and appreciate that kind of mentality.

Three, concerning Early Childhood Development (ECD), I want the ministry to come up and tell us the government position on ECD and whether it indeed values ECD.

Four, is on special needs programme. There is the rampant development of a disease that has been diagnosed as Autism and unfortunately, Autism seems to be attacking children from well-to-do families. It is becoming rampant and apparently, it is not being catered for under the special needs programme. I would want to know what the ministry’s programme is to help children who are autistic.

Last but not least, is the linkage between National Council for Higher Education and bodies that offer professional courses. Mr Speaker, last week, when we were reviewing the ministerial policy statements from Ministry of Justice, we found a complaint from the Law Council that although it is mandated to regulate the legal profession, the National Council for Higher Education rarely takes action when Law Council recommends the scraping of some courses by some universities that offer Law.

At the end of the day, students study from some universities apparently as lawyers but they cannot be admitted either to the LDC or subsequently, to graduate as lawyers. I believe that also applies to those schools that offer courses in other professional areas. There should be that linkage so that students are not cheated and parents do not waste money.

Thank you, Mr Speaker.

12.07

**MR JAMES MBAHIMBA (NRM, Kasese Municipality, Kasese):** Thank you, Mr Speaker. I would also like to thank the Chairperson of the Committee on Education and Sports for her comprehensive report. I also thank the Ministry of Education for the work they have done. I have seen them building schools, supplying science kits and equipping school libraries.

However, you have done all this work but some schools are still very expensive for our children to afford. I sometimes imagine the school fees we are paying at Namagunga; over Shs 1.5 million and the head teacher collects over Shs 2 billion yet some districts cannot even manage this budget. You have provided books, you have built schools, you have put all the infrastructure in place and you are paying teachers. How do boards of those schools continue charging these expensive prohibitive amounts from the parents? I would wish to get your clarification on why you cannot subsidise the parents.

Secondly, about qualification and remuneration. I am a grade V teacher and I am paid Shs 400,000. I attain a degree and I will be paid Shs 500,000. I get a second degree, which is a Masters and I get Shs 500,000. Promotion goes with salary scale. With my qualification of a Masters’ degree and my salary as a lower civil servant, how shall I attain the status of head teacher when I do not grow in remuneration because that is one way? I would also wish the minister to look into that.

The other issue regards gaps in funding. There is a policy or some law that districts should get polytechnics and in those polytechnics, year one there should be safety and year two, safety but there have been funding gaps that Ministry of Finance has continued to ignore yet they are aware that some people have been enrolled for year two and for the last three years, you have not increased this. How do you think the Ministry of Education will skill Ugandans without you looking at these funding gaps?

The other one is on inspection. Inspectors of schools in this country only inspect teachers when they are teaching. They are not looking at the facilities and how they are used in schools - *(Member timed out.)*

12.10

**MS ANIFA KAWOOYA (NRM, Woman Representative, Sembabule):** Thank you so much, Mr Speaker. I commend the committee for a good, elaborative and comprehensive report.

I have two issues and one is about the Early Childhood Development Programme. I associate myself with the comments and observations made by my sister from Namutumba. However, I wonder whether the ministry has got mechanisms or policies, which monitor these schools especially kindergarten.

For some time I have been at pain. My neighbours have a child who is about four to five years and this child goes to a kindergarten on a daily basis. The child is picked at a quarter to five or at 4.30 a.m. on a daily basis when I am waking up for my prayers. I took it upon myself to ask the parents, “Are you not straining this child?” They said, “That is what the school requires.”

By the time I report back, the child has not come back home and this is on a daily basis. What does the ministry do about such kindergartens? This is a real experience at my home.

Mr Speaker, I wonder whether the ministry has a monitoring and evaluation department which is functional. The minister is aware that in Ssembabule District, there is a secondary school called Rwebitakuri Secondary School, which is a government aided school and for five years, it has only seven teachers. They have reported and so have we but nothing has changed. And I hear, there is a problem when it comes to rural education.

Last but not least, that the government ordered the ministry to follow their obligation; a case in point, an institution in Ssembabule called Rutunku Vocational Polytechnic School was having its first graduation for over 400 students who have been studying for the past five years. The President was invited and he delegated to the minister; the minister went out of the country and delegated another one; the other minister delegated a commissioner and the commissioner did not come because they was no fuel. So, I ended up standing in for the President to officiate, without any *– (Member timed out.)*

12.14

**DR FRANCIS EPETAIT (FDC, Ngora County, Ngora):** Thank you, Mr Speaker. I have three quick points. I think it is not proper for Parliament to look on when certain things are going wrong. We are all products of the efforts of both the scientists and humanities. It is not proper for us to look on when H.E the President is just mentioning things without thorough research; it is bad parenting for a parent to wake up and say, “Today I consider boys and leave out the girls”, or vice versa. It is bad leadership to castigate one side, say, “I support only sciences and humanities is useless”. We should not allow that.

It is because of that pronouncement that we are now having these problems of loans being skewed and otherwise. *(Applause)* Let the President take it – in fact, it is not fair. Our colleagues in the Ministry of Education, I know, deep in your hearts, you do not agree with that kind of policy but currently, your hands may be tied. Let us be candid and say, “We need all these categories.” It takes two opposite gender to procreate. We need both humanities and sciences.

Secondly, I would like to congratulate the private sector for supplementing Government effort in education. But it is unfortunate that instead of Government to give a pat on the back of the private sector and see how to help them to cover the gap that Government could not cover, they are instead proposing to tax private schools. Moreover, the Ministry of Education has no control on the fees structures of those private schools. There is no way the private schools will sit back and not punish the poor parents who are already suffering anyway because the tuition in private schools is skyrocketing. Now, you have brought another burden to the poor parents. I think there is need for us to review this.

Lastly, the crux of the matter, since we are dealing with the budget is on page 14; the underfunded priorities. Mr Speaker, it is a pity that we cannot address the quality of education. The capitation grants – I want to agree with the committee – there is need for us to address issues on page 14 so that we help those sub counties which do not have any seed school. Let us be equitable in approaching this matter. Mr Speaker, the committee *–(Member timed out\_)*

12.17

**MR IDDI ISABIRYE (NRM, Bunya County South, Mayuge):** Thank you, Mr Speaker. I thank the committee for the good report. I think we are debating this report at the right time. I have heard my colleagues crying about the need for education. The only way to go is by supporting this budget and even allocate the ministry more money because there is no way we are going to transform this country without placing emphasis on education. Whatever we are mentioning here requires money; we need money to educate our children, to transform agriculture and all the other sectors in this country. Education is the lead sector in all this.

I would like to talk about the policies in the ministry. There is UPE, USE and other programmes in the Ministry of Education and Sports. But the challenge we have is that the policies are very controversial. For instance, on the feeding policy, we have heard very many political statements made by the RDCs. Whatever school comes up with some strategies and initiatives to feed our children are let down.

Therefore, I want to ask the Minister of Education to come up clear to guide our schools, because there is no way our children will be fed at school without a clear policy. Children are sent to schools to study for free. But there is no way a child can learn without feeding. So, what is the policy on feeding in our schools? Let the minister come up and enlighten us on feeding our children in schools.

Secondly, on the hard to reach areas - we have constituencies which stretch over into the islands. But in those islands, there are no Government-aided schools. Like in my constituency, we have over seven islands but there is no single secondary school, neither private nor Government aided. How do you expect the children there to get access to education? The same applies to other islands like Buvuma and others *–(Member timed out.)*

12.20

**MS GRACE FREEDOM KWIYUCWINY (NRM, Woman Representative, Zombo):** Thank you, Mr Speaker. I rise to support the report of the committee and to thank them for the job well done. I want to talk about skilling Uganda vis-a-vis the youth programme under the Ministry of Gender. What deliberate strategic intervention has the ministry made to match skilling Uganda with the youth livelihood programme? I think if it was well planned and if there was a march between the Ministry of Education and the Ministry of Gender, then we would address the issue of unemployment among the youth.

Education would train and the Ministry of Gender would pick them up. And I think this is the only way to go; let there be deliberate collaboration between the two ministries.

My second point is an observation that the committee made about lack of science teachers in the rural schools. I want to add that there is also lack of senior women teachers in those schools. This has contributed to high drop-out rate, early pregnancies rates and this has put the rural areas at a disadvantage. So, I would like to find out from the ministry, want deliberate action they are taking to at least make sure that there are senior women teachers in all schools.

I also want to say that some schools in our districts have been performing poorly to the extent that if you look at their history, they have never produced any first grade. What effort has the ministry given to encourage or strengthen these schools? But I also want to observe that – I used to see the Ministry of Education officials going to the districts to supervise schools. But these days, I do not see them. What is happening? Has decentralisation meant that the ministry works independent of the local governments? Yes, I have seen the ministers go to the districts but I have not seen the technical officials. So, I donot know whether this situation is only in Zombo District.

I would like to support the funding that was identified for Muni University. It is very timely and we should not lose it. However, whenever results for secondary schools are released, I see the minister putting an effort to identify these schools. Many times, I see schools in Zombo District being put under either Nebbi District or Paidha District and I do not know whether Parliament approved this district or not. Can the ministry technical –*(Member timed out.)*

12.23

**MS HELLEN ASAMO (NRM, PWD, Eastern):** Thank you, Mr Speaker. The Ministry of Education – and I do not know whether the vision or the mission talks about education for all. Unfortunately, for students with disability, three years down the road, we have been asking the ministry to give us a vote function but they are still adamant.

I have read this report but it is postponing us to next year. So, I do not know whether we are that category of citizens whose interests should be postponed. I need an explanation from the ministry in that regard because even the money you budget for crosscutting issues does not favour our people. We have become the people who buy braille paper for schools with children who have visual impairment. So, the ministry should explain this situation.

Further, I would also like to know from the ministry where the special needs policy is. We participated in designing this policy with some development partners but since then we are only told it is still in Cabinet. Where has this policy ended so that the lives of people can become better? We need this policy today and it has to be explained.

Mr Speaker, I would also like to talk about the issue of the students’ loan; honestly, for science subjects, imagine a blind student in the laboratory mixing chemicals. I do not know whether the ministry has now ignored education for special needs students when they make their policy.

When you bring the students loans – the poor of the poorest are the disabled people. However, when it comes to designing these policies, you ignore them. Take the example of a deaf person, do they understand science language, they understand sign language. So, please, you need to find ways of supporting these people.

But I also would like to understand the relationship between skilling of Uganda under BTVET with Ministry of Gender with their vocational institutions because most of our young people are trained in the vocational institutions of Ministry of Gender. What is the relationship?

On the issue of institutions for people with disabilities – I have information that Mbale School for the Deaf is getting out of place. I need to understand that we have only two secondary schools for the deaf and if that one is getting affected, then the minister has to explain.

Ngora High School used to have an annex for special needs for children, who were deaf, but the ministry has had challenges and the school is unable to admit deaf students for primary and then connect there. So, we need to be guided on where to put these Ugandans? Are we going to have a block of people who are not going to be useful to Uganda because they have not got education? When I was at school, they used to tell me education is the key to success. So, when you deliberately deny these children education that is not good.

Mr Speaker, there is a time we moved a motion on the issue of sports for people with disabilities. I am not sure it is taken care of in the budget. I will need an explanation for that as well. The last time the minister was here, he talked about Shs 60,000 –*(Member timed out.)*

12.26

**MS ALUM SANTA (UPC, Woman Representative, Oyam):** Thank you, Mr Speaker. I also thank the committee for this report. I would like to ask the Minister of Education and Sports where we can take these very many poor students who offered arts subjects but are now stranded because they cannot join universities.

I do not believe that humanities are completely useless because even our own President who has led this country for nearly 30 years is an arts student of Political Science. So, can the minister clarify to me so that we know how to handle this case?

Mr Speaker, allow me to also talk about the issue of SACCOs. This has taken a very long time - the ministry was given this money last year but to date we do not see this money in operation. And the administrative costs in the name of fund manager, I do not know whether this thing will be shifted to the teachers or the Ministry of Education and Sports will handle the administrative costs that are coming up with the SACCOs. The costs are going up to 13 per cent before the SACCOs even begins.

I have one simple question for the minister, what strategy do you have to sustain these SACCOs because as far I know, these co-operatives are best sustained thorough saving and borrowing. So, what strategy do you have now that the committee is telling us that you do not have even the guidelines on which the SACCOs will operate?

Three, I would like to know from the minister – I was reading about the KCCA land. In many schools, there is no clear demarcation of school land and many of the schools do not have titles. Very recently, in my district, people killed one another because they were struggling for some school land. So, can the minister tell us whether they have any policy for securing such land for schools without land titles?

Four, let me mention something about the Physical Education and as far as sports are concerned in primary schools. Is the minister aware that there are very many primary schools without play grounds? Even those with play grounds, there is no football pitch, there is no netball playground, in many schools. This very much affects the girl child because last year –*(Member timed out.)*

12.30

**MR MOHAMMAD MUWANGA KIVUMBI (DP, Butambala County, Butambala):** Mr Speaker, I am certainly very sure that Africa’s problem, on the whole, is a question of poor governance and lack of skills of organisation in terms of both resources and human. I am yet to be told of a nation that fundamentally changed because of purely scientific excellence. Even Jesus Christ was not a scientist. Prophet Muhammad was never a scientist. To bring it home, President Yoweri Museveni is not a scientist. The Speaker of this Parliament is not a scientist. The Deputy Speaker of Parliament is not a scientist. The Minister of Education is not a scientist. The ministers of state for Education – all of them apart from hon. Kamanda Bataringaya and hon. Bakabulindi who could have done some UPE somewhere – I am not certain of engineers and doctors who are in governance anywhere in Africa.

Therefore, we need to do things that are well researched as a country. Yes, science is important but it is not the most fundamental in advancing any nation or society.

The second point is: students who qualify to get government scholarships, maybe, if I qualify to get government scholarship on the Bachelor of Law but I want to do Medicine, what happens ordinarily is that once I transfer, I lose out my scholarship. The question is: do universities get another person to fill up that vacancy or not? But two, this has disadvantaged poor people because when a poor person qualifies to do a course in veterinary, he cannot shift to medicine then you could simply have carried sponsorship and added on a little and did Medicine. What happens is that you completely lose out so poor people are stuck with less important courses.

The other point I have is about these centres of excellence that are located upcountry, schools like Gombe, Obote and Mwiri. These are rural schools and they have made them completely boarding schools - by doing so, you skyrocket the cost of school fees. (*Member timed out.)*

**THE DEPUTY SPEAKER:** Bufumbira, you have only one minute.

12.33

**MR EDDIE KWIZERA (NRM, Bufumbira County East, Kisoro):** Thank you, Mr Speaker. Discriminating against arts teachers is against Article 21 of the Constitution. People who think that artists are not scientists are wrong because when you are teaching you are doing what we call knowledge manufacturing. When you are doing knowledge manufacturing and you are teaching, then you are a scientist. So, that is very wrong.

There was a commission of inquiry in the Ministry of Education, how much did we spend and of what value? I want the minister to tell us whether it helped the management of the ministry.

We would be deceiving ourselves to think that a minister can supervise a research institution and a pre-nursery institution. This ministry should be restructured in a way that we have a minister specialised to look at lower primary or primary and pre-primary and then research institutions.

I look at page 31; we are giving universities a task to *–(Member timed out*)

**THE DEPUTY SPEAKER:** Honourable members, we need to draw this to a close. I have noticed that Members have spoken. Education cuts across the whole country. If we were to continue we would have this debate the whole day.

I notice Gulu, Muroto Municipality, Kigulu South, Mbarara Municipality, Bunyole, Rukiga, Kilak, Pader, Sheema, Kotido, Koboko, all these, I have noticed. But we will now be able to move to the shadow minister who will have seven minutes.

12.35

**THE SHADOW MINISTER OF EDUCATION AND SPORTS (Fr Jacinto Ogwal):** Mr Speaker, I would like to thank the committee for the good report. To us, in opposition, no doubt education is a priority. Before I do that, I would like to congratulate the Uganda Cranes for the victory yesterday. I would like to propose to Government that all our national players be paid a sustainable salary of Shs 1 million per month and we believe that Government can do it.

We propose that you expedite the process of the establishment of sports schools and academy. The most critical handicap in this sector is the continued suffocation of the sector from funds. If we want education to improve, the Government must make massive infusion of investment in education in a marshal plan scale. In that effect, we propose that the Government increases the education budget to about 25 to 30 percent of the total national budget or five to 10 percent of the gross national products, of course, minus corruption.

There are two sectors which have suffered heavily in the Ministry of Education and Sports; one is Early Childhood Education/ Special Needs Education. Two; the university and tertiary institutions, those are the two major areas we need to pay attention to.

In early ECD, the Government is totally and nearly absent from the sector; 95 percent of all the early childhood education is being run individuals and only about seven percent of all the pupils who are between three and five are receiving early childhood education. This is a very big handicap. We call upon Government to take this seriously and introduce early childhood education in all the government primary schools countrywide.

Access to university and tertiary institutions is highly marked by great inequality and discrimination. This discrimination is horizontal and vertical and we call upon the government to really address this urgently.

We would like to call upon the government to improve the student loan scheme. This scheme is still marked with discrimination. We would like to call upon the ministry to make the students’ loan scheme available to everyone who needs it.

Secondly, capitation grants, which are given to public universities should be redirected to the students’ loan scheme. Three, state sponsorship should be abolished and funds from this state sponsorship should also be ploughed into students’ loan scheme. Four, state House scholarships which are also discriminatory in nature should be scrapped and the funds from that should be also into the students’ loan scheme.

We recommend that scholarships, grants and bursaries should be offered by universities and tertiary institutions to very bright students and this will encourage research and the development of skills among our students.

Another important issue, which we would like the ministry to take note of is the weakness in the standard inspection and monitoring. We ask the Government to establish standard inspection and monitoring system in order to improve performance in education. (*Interruption)*

**MR OLANYA:** Mr Speaker, I would like to thank my colleague for having given way. The information I would like to give to the shadow minister is that we have over 30 universities in Uganda and the private universities that were accredited by the national council for higher education. Some of them are not allowed to train the students who are benefitting from the loan scheme. There are very few private universities that were taken to benefit from the private students loan scheme. We do not know the procedure the Government is applying yet in all these private universities, Ugandans are educating from there.

Secondly, the minister lamented clearly on the policy of automatic promotion.

**THE DEPUTY SPEAKER:** Is the member debating now? (*Laughter)*

**MR OLANYA:** No, I am giving information. This is the final one.There is a big gap in the policy of automatic promotion. The policy says that whether a student fails in primary two, he must be promoted to primary three. The question is why don’t you –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you. That is also time for the shadow minister and the time is up. Your time is up, please, summarise in one minute.

**FR OGWAL:** Thank you for the information. Honourable minister, we would like to also call your attention to Lira University. Muni University and Soroti University have started but we have seen that Lira University started sometime back and it does not have a budget of its own and is still considered a constituent college of Gulu University. Even the capitation grant of Gulu University is not increased to a certain extent that can adequately cater for Lira University.

We, therefore, call upon the ministry to have a vote for Lira University. I thank you very much.

**THE DEPUTY SPEAKER:** Thank you very much, Shadow Minister. Honourable members, I have received and have been requested to put this objection on the record; the honourable member indicates that he does not agree with the honourable member for Butambala with his reference to Jesus Christ as not being a scientist. The Member says that Jesus Christ was everything –(*Applause)*– that he knew everything and he knew a lot of science that he even changed water into wine, which makes him an industrial chemist. *(Laughter)*  He resurrected the dead which makes him a physician, he healed the sick particularly the blind which makes him an ophthalmic, he healed the lame which makes him an orthopedic surgeon and et cetera. So, that objection should be recorded.

**MR SSEMUJJU:** Procedure.

**THE DEPUTY SPEAKER:** Procedure.

**MR SSEMUJJU:** The procedural issue that I wanted to raise with you, Mr Speaker, those of us who are Muslims actually believe the prophet was a scientist. The reason I had not stood up to oppose my colleague is because I thought that was his personal opinion and he is entitled to his personal opinion. But now that objection has been formally raised, would it not be right to allow us also raise that objection and make the record clear that Prophet Mohammed –

**THE DEPUTY SPEAKER:** Put it on record in two minutes.

**MR SSEMUJJU:** Thank you very much*. (Laughter)* Mr Speaker, Prophet Mohammed was a unique prophet. He manufactured weapons of war; he treated the sick and was actually the first person in the recent history to author a constitution when he migrated from Mecca to Medina. Therefore, he was both a scientist and also someone qualified in humanities.

Those of us who know a little about him strongly object to any suggestion that he was not a scientist and try to equate him to others who have done Political Science. That is the objection that I wanted to put on record.

**THE DEPUTY SPEAKER:** Let the records so indicate. Leader of the Opposition, you have two minutes.

12.46

**THE OPPOSITION CHIEF WHIP (Ms Cecilia Ogwal):** Thank you very much, Mr Speaker.

**THE DEPUTY SPEAKER:** The objection that came about Jesus Christ came from the member for Ngora County.

**MS OGWAL:** That was wise because I was going to reply and that is where I was going to start from. Just a few concerns; first, I would like to know from the ministry if we still have State House scholarships. The reason State House scholarships were initiated was to cater for children whose parents perished in the war but it is after 29 years since NRM came out of the bush. I would like to know who these students are still being catered for through the State House scholarships.

Secondly, I would like to know how many children from the Acholi, Lango and Teso sub regions who suffered 20 years of Kony’s disaster have benefitted from that State House scholarship.

I would like to insist that we look at the list of the students who are benefitting and from where they come, district by district.

My second concern is about the commitment of Government to build a secondary school in every sub-county. I come from Dokolo and we have 11 sub-counties but only four Government aided secondary schools. What has happened to the balance? I would like to know as my people are asking.

Thirdly, I would like the government to lay on Table the justification for discriminating against arts subjects. The government must lay on Table why for the loan scheme, they are promoting science subjects against arts because we do not know. In fact, many of us start from arts and then you graduate into science. So, I would like to know and they must lay on Table a justification so that we take it as a Government policy.

Fourth, I would like to know how the government is consciously promoting the girl child education – (*Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you. One minute.

**MS OGWAL:** This is very important. I would like a policy – apart from the points that were given to women to enter the university, what other systems are in place to promote the girl child education?

Mr Speaker, you may be in a hurry but I would want the minister to take it seriously that Gulu University is now an independent university and there must be a budget for it. We want you to explain to the people of Lango why up to now the Lango university has not been funded.

And finally on the sports training fund, we need to now end up with a sports training institute because Uganda has done us proud by doing very well but we have nothing to show. We have not been investing seriously in that sector. I thank you, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you. Let the records show that the Speaker is never in a hurry but he does not like people who delay processes; in any situation, he is never in a hurry. Honourable minister, you have ten minutes.

12.50

**THE MINISTER OF EDUCATION AND SPORTS (Maj. (Rtd) (Jessica Alupo):** Thank you, Mr Speaker. Allow me to thank the chairperson of the committee for the very comprehensive and well refined report and the co-operation that they gave the Ministry of Education and Sports during the consultations that we had with them when they were preparing this report.

Secondly, allow me to mention a few points in line with clarifications that members here require from the ministry using three minutes and then my colleagues for Primary and Higher Education and Sports come here and also make a statement about issues that have arisen from their departments.

The matter on the loan scheme has been a matter that everybody has almost alluded to including hon. Amuriat there.

Members of Parliament passed a law in this House, which we are using in the ministry to implement the students’ loan scheme and the law is here. And I would like to quote just one clause of this law, which says that the scheme is only for Ugandan students seeking financial assistance to pursue an accredited course of study programme of higher education in an accredited institution of higher learning recognised by the National Council for Higher Education.

We truly believe that the loan scheme that we are implementing is for both sciences and humanities, and we want to assure this august House that there is no policy in Government that promotes the enhancement of science programmes against arts programmes.

The loan scheme law is here and we passed it. What I am saying in addition is that the students’ loan board put Shs 5 billion in their discretion and they decided in their wisdom that –(*Interruption*)

**FR OGWAL:** Mr Speaker, the minister is telling us that we have a policy of students’ loan scheme, which does not discriminate. I would like to assure the august House that it is in paper and we have the list of the actual students who are admitted for this year’s student loan scheme and they are all for sciences.

Is the minister, therefore, in order to mislead the House that the students who are actually admitted include those from the humanities and yet the list is available and it is only for sciences? I beg to lay the list on Table.

**THE DEPUTY SPEAKER:** First of all, honourable member, that list in the newspapers cannot tell us who applied and who was not accepted. It does not tell us whether it was only science students who applied. What the minister said is that according to the law, there is no discrimination but the board in its wisdom took some decisions because of the limited funds but it is not the policy of Government to discriminate against some students –(*Interjections*)– please, let us listen. Do not hear what you want to hear, hear what somebody is saying.

I was listening carefully and the minister said there is no policy of discriminating arts or sciences against each other but because of the limited funds, the board in its wisdom took some administrative decisions but it is not the policy of Government. That is what she said. So, is she in order? What you are raising is not what she said.

**MS ALUPO:** In other words, Mr Speaker, Government is looking forward to expanding the scope of the beneficiaries of the students’ loan scheme.

In line with this law which we passed, subject to availability of resources which I am sure this Parliament will be very cooperative to allocate to the ministry in order to add students who are doing diploma courses, Masters courses, PhDs and most importantly students who are going to do humanity programmes.

On the list of students who have benefitted from the Shs 5 billion –(*Mr Ssebagala rose\_*)– I will give you chance hon. Ssebaggala, let me just develop this point. I know that there are Moslem students on the list, there are Christian students on that list but we also know that we already launched that list. I would like, therefore, to request the members to visit the website *www.highereducationstudentsfinancingboard.go.ug* and *www.education.go.ug.* These sites have a comprehensive report about the names of the students who qualified, the districts they come from, the names of their religious affiliations, the regions they come from and –(*Interruption*)

**MS ANYWAR:** Thank you, Mr Speaker. When I made my submission, I requested that the honourable minister comes to this House with a list of the students who have benefitted by name, district and the courses. Is the minister in order to refer honourable members on the website instead of bringing the document and laying it the way it is?

**THE DEPUTY SPEAKER:** Honourable members, I think let us make good use of the time we have, please. The minister has not said she is not going to bring the list; she is only saying the list is available. As to whether she will bring it to the Table here, it is another matter but she is saying the list is available on the website which she has generously mentioned. Please.

**MS ALUPO:** Let me just for avoidance of doubt lay this report – but it is not a comprehensive one. But it gives highlights on the beneficiaries of the students’ loan scheme. But when you allow me at an appropriate time, I will come with a report but I want to thank hon. Anywar for being very pertinent about the students’ loan scheme and she has always been my ally.

I would also like to lay again this law which we passed here which we as Government are following to implement the students’ loan scheme.

**THE DEPUTY SPEAKER:** That is an Act of Parliament and so you do not have to lay it.

**MS ALUPO:** The policy, which we are also following, is here and I wish to lay it before Parliament.

**THE DEPUTY SPEAKER:** Let the records capture the policy.

**MS ALUPO:** As I come to the conclusion of my responses, allow me now to touch on the teachers’ SACCO. Government is developing the regulations for the implementation of the teachers’ SACCO through an inter-ministerial committee –(*Interruption*)

**MR SEMUJJU NGANDA:** Mr Speaker, when Members of Parliament ask questions, they do not ask them in vain. Questions have been asked about discriminating students who are doing Arts – the President and I remember very well and that is why it is a matter of policy - I did Journalism at Makerere on government scholarship and immediately thereafter on a declaration of the President, it was scrapped; no journalist student in this country accesses public funding, so are social scientists and artists. That is why colleagues have asked the minister to tell us why there is that discrimination.

Instead of answering the question, the minister is tabling an Act of this Parliament and says that they are following the law when actually they are not following it. Is the minister, therefore, in order to mislead this Parliament that there is no policy when actually the President has announced it on several occasions that the policy now has shifted to science? Is she in order to mislead this House that there is no problem and therefore tables an Act which does not in any way add value to the questions that have been asked? Is she in order?

**THE DEPUTY SPEAKER:** We all know how the public policy process works. We all know how laws come to this Parliament and our responsibility in making them become law. We know all those things and I have ruled on this subject already. Please.

**MAJ. (RTD) ALUPO:** Mr Speaker, the hon. Ssemujju Nganda has made a very brilliant clarification that out of the 4,000 scholarships which Government is still offering the Ugandan children, there are journalists, lawyers, public administrators and MDD students. But for the sake of additional clarification, I said that we are going to widen the scope and I highlighted the areas where we are going to widen. This was just the first step. We said, where do we begin from? We begin from courses critical to national development. We know all of them are critical but we were also looking at employment when the children finish school. So I want to assure you once again that we shall widen the scope.

Mr Speaker, matters of the implementation of the teachers’ SACCO are being guided by the Ministry of Justice and Constitutional Affairs, particularly the Office of the Solicitor General. We are now developing regulations in consultation with ministries of Finance, Public Service, Education and the teachers so that we can start sensitisation of the teachers in order to enable them know how and when they should start drawing their money from their SACCO.

What I can only report to this august House is that we have followed what the Solicitor General has been guiding us on step by step and we are not in breach of any law in light of the implementation of the teachers’ SACCO so far.

On skilling Uganda programme, we are organising a two-day meeting between Members of Parliament and the Ministry of Education and Sports so that we can go through the skilling Uganda ten-year strategic plan again and understand and identify areas where we think we are still grey and whether we want change and where we are not moving so fast.

So on this one, Mr Speaker, allow me to report to the House that when we have this two-day meeting, we shall have to brainstorm again on the ten-year strategic skilling Uganda programme, which is also in the website of the ministry. We discussed this ten-year strategic programme on skilling Uganda with the Committee on Education and Sports.

Thirdly, Mr Speaker, this financial year, the ministry is going to recruit additional science teachers and we are looking forward to enhancing the ratio of teachers to students and also to improving the teaching and learning of sciences in our schools both in urban and rural areas.

On funding public universities, we are currently undertaking discussions guided by the visitor of the universities –*(Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you, please wind up. There will be no further submissions after this.

**MAJ. (RTD) ALUPO:** Thank you very much, Mr Speaker. We are now having discussions on how to fund public universities guided by the visitor of the university so that we can have a comprehensive and harmonious way forward to cater for all the challenges that are affecting our public universities.

All sub-counties without secondary schools and all parishes without primary schools will be taken care of, subject to availability of resources and I require a lot of support from Members of Parliament to find these resources so that we can take care of those sub-counties, which do not have secondary schools.

I want to thank hon. Ssimbwa because he congratulated the ministry because the She Cranes won last night and also hon. Baka. We are champions in the East African region; we are champions in the Olympics and champions in the Commonwealth games. So that is a clear manifestation that we are all putting a lot of emphasis on our sports.

Where there are shortfalls, honourable members, we require your concerted efforts in order to fill them. We shall request the National Council for Higher Education to improve on how they supervise higher institutions of learning especially those teaching law, as raised by hon. Niwagaba.

I want to assure hon. Asamo that next financial year, special needs education will have an independent vote function; National Council for Higher Education will have an independent vote function and the student loan scheme secretariat will have an independent vote function. It is the habit of the NRM Government to take care of all the special interest groups and we shall not drop this habit.

On the Shs 1.68 billion, I have already directed the Permanent Secretary of Ministry of Education and Sports to find that money as quickly as possible and re-channel it to the students loan scheme secretariat so that continuing students can be taken on using that money, which was previously meant for them but was diverted without consulting the political leadership of the ministry. Thank you very much, Mr Speaker.

**THE DEPUTY SPEAKER:** Thank you, honourable members. The time has come for us to make a decision on this sector. I now put the question that the report of the sectoral Committee on Education and Sports on the ministerial policy statement and budget estimates for the financial year 2014/2015 be adopted.

*(Question put and agreed to.)*

**MR MUWANGA KIVUMBI:** Mr Speaker, I rise on a point of procedure. Earlier you said that you received notices from the honourable whipof the Opposition and other members. Hon. Semujju Nganda spoke as LOP - on my assertion, for the record, that I referred to Jesus Christ not as a scientist and Prophet Mohammed not as a scientist. I would like to put the record straight. In the Bible, the act that the LOP referred to-

**THE DEPUTY SPEAKER:** Next item.

PRESENTATION, CONSIDERATION AND ADOPTION OF THE REPORT OF THE SECTORAL COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT ON THE MINISTERIAL POLICY STATEMENT AND BUDGET ESTIMATES FOR THE FINANCIAL YEAR 2014/2015

**THE DEPUTY SPEAKER:** Chairperson, Finance Committee. Is there a member of the committee that can start the presentation?

**MS ALUM:** Thank you so much, Mr Speaker. First of all, we do not have the network connections and our iPads cannot retrieve the report of the committee. We cannot access that report. The chairman of the committee has been out of this Parliament and now even the minister is hunting for the vice-chairperson or some members. I do not know whether we should proceed in this way without the report. Mr Speaker, I seek your guidance.

**THE DEPUTY SPEAKER:** I am reliably informed that the report was uploaded on the iPads some hours back. Please cross check. There is a technical difficulty but honourable members, let us listen to the presentation from the chair, we can debate on the basis of that. You have 30 minutes, Mr Chairman.

1.12

**THE CHAIRMAN, COMMITTEE ON FINANCE (Mr Robert Ssebunya Kasule):** Mr Speaker, I have the report of the Committee on Finance and Economic Development on the ministerial policy statement and the budget estimates for the financial year 2014/2015.

Sections 9 and 11 of the Budget Act, 2001 and Rule 135 of the Rules of Procedure of Parliament (2012) mandates sessional committees to critically examine government’s recurrent and development budget estimates and make recommendations for general debate in the House. Pursuant to these sections of the Budget Act, 2001 and the Rules of Procedure, the Committee on Finance, Planning and Economic Development examined seven votes under its jurisdiction. These are:

Vote 008- Ministry of Finance, Planning and Economic Development (MFPED)

Vote 130-Treasury Operations

Vote 108- National Planning Authority (NPA)

Vote 131- Office of the Auditor General (OAG)

Vote 141- Uganda Revenue Authority (URA)

Vote 143- Uganda Bureau of Statistics (UBOS)

Vote 153- Public Procurement and Disposal of Public Assets Authority (PPDA).

I am going to skip the methodology because it is common –

**MR ALEPER:** I want to say that I have no intention to disrupt the chairman from his presentation. But we had difficulty following the report of the Committee on Education because we did not have the report. Now we are dealing with a very sensitive sector ofFinance which entails proposals and figures.

Mr Speaker, you may also recall that a number of issues that have been raised in this Parliament have a link to this sector. So are we right to proceed without a report with us? I propose that we go to another sector or we adjourn the House until this sector is settled and the server is fixed by the office responsible, because we cannot continue following word for word.

**THE DEPUTY SPEAKER:** Honourable members, first of all, this is not a report of the Budget Committee; this is the report of the Committee on Finance, just like any other sector we have handled. It is about the Ministry of Finance and its operations; it is about treasury operations and National Planning Authority; office of the Auditor General, URA, the Bureau of Statistics, and PPDA.

So there is nothing different from what we have been doing. Do not make it look like this is the most important report that we are going to debate; it is not. It is similar to what you have been debating; they are just ministerial policy statements; when we come to the report of the budget committee that will be different. So let us make that distinction.

It is important that we close this particular aspect of receiving reports from the sectoral committees and then we go to the Financial Bill. Honourable members, I really beg your indulgence. Let us listen to the chair and then we move from there. If we can listen, we can debate it. Mr Chairman, proceed.

**MR SSEBUNYA:** Thank you, Mr Speaker. I beg to lay on Table the minutes used and the ministerial policy statement.

**THE DEPUTY SPEAKER:** That was already laid.

**MR SSEBUNYA:** Mr Speaker, I am not going to read the statements of fact that are also in the policy statement. Let me go to the observations. Macroeconomic Policy and Management Vote Function ensures appropriate management of macroeconomic policy for the continued growth of the economy.

Size of the Economy

The committee observes that in financial year 2013/2014, Uganda’s economy continued to grow modestly at 5.7 percent per annum, which was below the programmed target of 6.2 percent per annum and 6.0 percent per annum achieved in financial year 2012/2013.

The committee further observed that despite the failure to meet the target, the economy performed better than the average of 5.3 percent per annum registered in Sub-Saharan non-oil producing economies.

The committee recommends that the ministry explores avenues to stimulate growth at 7 percent per annum target envisaged in NDP1; which is necessary to achieve socio-economic transformation.

Tax Exemptions and Waivers

The committee observes that Uganda’s domestic revenue mobilisation realized an increment of 0.6 percentage points as a percentage of GDP from 12.3 percent in financial year 2011/2012; 12.9 percent in financial year 2012/2013 and now 13.2 percent in financial year 2013/2014.While the Committee –

**MS ANYWAR:** Thank you, Mr Speaker. We are all here for the business of the day. Are the honourable ministers, whose docket we have diligently sat here and handled, in order to leave the House whenever their ministries have been cleared?

**THE DEPUTY SPEAKER:** Can you be specific about the specific minister?

**MS ANYWAR:** The minister of Education.

**THE DEPUTY SPEAKER:** The Minister of Education has her books and her documents here, and she still has a document which she requested to lay on Table after this presentation.

**MS ANYWAR:** Mr Speaker, the State Minister, hon. Muyingo has just left.

**THE DEPUTY SPEAKER:** Please, Mr Chairman, proceed.

**MR SSEBUNYA:** Let me continue from where I stopped. The committee observes that the low tax to GDP ratio is largely attributed to numerous tax exemptions and waivers granted to NGOs and selected private companies by the Minister of Finance, Planning and Economic Development.

The committee notes that tax exemptions and waivers affect domestic revenue, creates unfair competition between companies and shift the tax burden to few citizens.

The committee further observes that issuance of tax exemptions and waivers worsen the already narrowed tax base and do not provide a level ground for competition in Uganda’s liberalized economy.

The committee recommends that Government scraps tax exemptions to minimize revenue loss. The committee further recommends that the Ministry of Finance, Planning and Economic Development reviews the performance of the existing tax exemptions and waivers and explores the possibility of scrapping all unproductive tax exemptions.

Financial Intelligence Authority

The committee observes that whereas the Minister of Finance, Planning and Economic Development in the Budget Speech for financial year 2014/2015 commends Parliament for enacting the Anti-Money Laundering Act with its accrued benefits of fighting money laundering and the financing of terrorism, there is no clear demonstration of the commitment to implement the Act.

The proposed allocation to the Financial Intelligence Authority is only Shs 100 million. This proposed allocation is too inadequate for the Financial Intelligence Authority to operationalise the Anti-Money Laundering Act and begin to conduct financial sector surveillance in order to secure all international financial transactions that they occur in compliance with the Act.

The Authority has unfunded activities that amount to Shs 5.9 billion in form of developing regulations and guidelines to support operationalisation of the Act, enhance the identification of the proceeds of crime and combat money laundering and enforce compliance with the Anti-Money Laundering Act, among others.

The committee made reference to Section 10 of the Budget Act that requires that every Bill introduced in Parliament should be accompanied by its indicative fiscal implications. The committee observes that when the Anti-Money Laundering Act was read for the first time in Parliament, it was accompanied by the same. The committee therefore recommends that the Ministry of Finance identifies Shs 5.9billion to fund the activities of the authority.

Domestic Bank Financing

The committee observes that the 2014/2015 budget will be partly financed by domestic bank financing to the tune of Shs 2.5 trillion in form of Government securities worth Shs 1.437 trillion and net Government draw down from savings of Shs 1.102 trillion up from Shs 1.75 trillion in the financial year 2013/2014.

This is likely to attract financial banks because of the high interest rates that accrue in addition to government securities being less risky. As a result, loanable funds in the commercial banks are likely to reduce leading to a high interest rate thereby crowding out the private sector. This negatively affects national savings, causes stagnation and low levels of growth, including limited lending and investment in the private sector.

Honourable members will note that Uganda envisages private sector-led growth as the engine of economic development. The committee further observes that such a trend of domestic bank financing increases the interest rates on the debts and contradicts the earlier commitment between Government and their niche. The committee therefore recommends that Government explores avenues of reducing the size of the fiscal deficient to a level that does not affect other micro-economic variables through fiscal consolidation and boosting domestic production.

Non-Performing Assets Recovery Tribunal

The committee observes that the proposed budget allocation to NPART in the financial year 2014/15 is Shs 250million. In last financial year, the committee noted that for a period of five years, Parliament had always been informed that the Bill for winding up NPART activities is before Cabinet. The committee was constrained to recommend the approval of the proposed allocations of Shs 250million to NPART in the last financial year. The committee now recommends for an immediate termination of funding of NPART and the proposed allocation of Shs 250 million be shifted to another priority area as per appendix on the report.

Capital Markets Authority

The committee observed that the Minister of Finance in her budget speech for the financial year 2014/2015 recognised the role of Capital Markets Authority in deepening financial markets. The committee further observed that the stock markets registered a record turnover of Shs 198billion in the financial year 2013/2014 up from Shs 31 billion registered in 2012.

In addition, the Capital Markets Authority, under professional management grew to over Shs 800 billion at the end of 2013. The authority plans to reach additional 200 potential investors per annum in order to grow the investor base from the current 40,000 to 200,000 in 20 years. This is likely to result in market capitalisation growth from the current Shs 3trillion to about Shs 10 trillion. Such critical targets have a funding gap of Shs 1.115billion.

The committee recommends that Government treats this as a priority and gives the Shs 1.115 billion since the capital markets development is critical in attaining long term sustainable growth through the mobilisation of resources for long term investments.

Appropriation in Aid

The committee noted that the spending agencies have been granted appropriation in aid. Those that have been appropriated in aid have never made reports to Parliament. Members will recall that Section 17 (a) of the Budget Act, 2001 requires the minister responsible for any vote on appropriation in aid to make quarterly reports to Parliament in the manner in which the funds from the vote are expended. The committee observed that for the spending agencies to report appropriation in aid makes it subject to abuse.

The committee therefore recommends that provision 18 (1) of the Budget Act, be invoked and that Parliament prevails over the ministers concerned to comply with the provisions in Section 17of the Budget Act.

Mr Speaker, the committee recommends that Shs 2.5bilion be relocated to the priority areas. The committee further recommends that only Shs 86.567billion be allocated for the vote function 1401, which is micro-economic policy management.

On the vote function 1402, which is the budget preparation and execution and monitoring, Mr Speaker, allow me to read the point that matters most and it is that the committee observed that the implementation of 2013/2014 budget was faced with significant challenges that included revenue collection gaps amidst the need to undertake infrastructure investments. This compelled Government to increase domestic borrowing targets by Shs 700 billion. This resulted into Government expenditure of Shs 11.93 trillion, which reflects a 99.7 percentage performance against the planned activities. The committee commends the Ministry of Finance for this high budget execution efficiency, which is in tandem with the visible implementation of prioritised projects.

The committee therefore recommends that various accountability measures that gave rise to this good performance in form of quarterly reports on prioritise projects, increased budget transparency and accountability in the form of publishing quarterly releases to all Government departments and agencies in the print media, the introduction of a single treasury account, and the launch of the budget information website, to provide all budget data to be maintained.

In addition, the ministry should endeavour to minimise any significant reallocations from priority sectors.

Out-Put Budgeting Tool

On this, the committee observes that whereas there is general appreciation for the OBT’s rationale and the potential towards improving the budget process, the tool is characterised by numerous functionality setbacks that have constrained effective budget implementation. These include inadequate training and software capacity challenge due to increased numbers of users.

The committee further observed that the design of this OBT is out-put driven and therefore, there is no provision for intermediate targets. For instance, if a planned output is a road of say 100 kilometres and 80kilometres are constructed, the design of the OBT captures performance of nil instead of the 80kilometres constructed.

In addition, most of the MDAs that appeared before the committees of Parliament expressed concerns on the failures of the OBT. The committee therefore recommends that Ministry of Finance expedites the process of reviewing the functionality of the OBT with a view of enhancing its functionality and connectivity and back up.

Budget Monitoring and Evaluation –

**THE DEPUTY SPEAKER:** Mr Chairman, are you reading the whole report?

**MR SSEBUNYA:** No, I am only reading recommendations and observations, Mr Speaker.

The committee observes that the current monitoring and evaluation function is not effectively supporting the implementation of the government programmes. The current monitoring and evaluation arrangements in Government are weak and inadequate.

Monitoring and evaluation is characterised by fragmentation, duplication, weak coordination and lack of clear results chain. There is inadequate tracking and reporting of performance results as well as feedback and sharing of results. There are no common guidelines and standards hence the use of different formats and approaches**.**

The committee recommends that monitoring and evaluation guidelines which are standardised be formulated and the reporting mechanism be harmonised.

The committee further recommends as follows:

a)Monitoring and evaluation framework be worked out to clearly link with planning, budgeting and expenditure.

b) Along with this M&E framework, the reporting mechanism should be developed.

c) Rewards and sanctions be established.

Financial year 2014/2015 Proposed Allocation to Priority Sectors

The committee observes that the financial year 2014/2015 budget proposals seek to sustain the growth path of financial year 2013/2014 towards social economic transformation hence the theme “Maintaining the Momentum: ‘Infrastructure Investment for Growth and Socio-Economic Transformation’”.

The committee further observes that 52 percent of the proposed budget will be directed to infrastructure development (roads and power) and human resource development (education and health) reflecting a 2 percent and 8 percent increment respectively against the financial year 2013/2014 approved budget. Agriculture and Tourism continue to get the least allocation with 3 percent of the financial year 2014/15 budget.

The committee notes that the Government strategy is to make indirect investment on agriculture by creating enabling environment for agriculture production and marketing. The committee recommends that Government undertakes direct investment in agriculture like water for production, provision of fertilizers, disease control and provision of seeds. Government should also prioritise value addition and so, there is need to enhance rural electrification.

Recommended Appropriation to Vote 1402

The committee is satisfied with the planned activities and therefore recommends that Shs 17.258 billion be appropriated for the budget preparation, execution and monitoring vote function.

Vote Function 1403:Public Financial Management

Public Financial Management vote function regulates financial management and ensures efficiency in public expenditure.Let me read the point as far as IFMS rollout is concerned.The committee observes that additional resources amounting to Shs 11.038 billion have been provided to cater for IFMS roll out in order to support the Treasury Single Account.

The committee further observes that increasing funding to public financial management vote function is likely to strengthen financial controls, which have higher benefits in comparison to postmortem works of external auditors especially with the new wave of colluding stakeholders in the payment system to defraud public funds. Cases similar to those that occurred in the Office of the Prime Minister and Public Service are still fresh in the minds of Ugandans and are a manifest of weaknesses in the financial controls.

The committee, therefore, recommends that Public Financial Management vote function expedites completion of IFMS roll out and embark on IFMS sustainability as is the case in Kenya. The committee recommends that avenues to upgrade IFMS be explored and prioritise IFMS training of MDAs especially with the increase in volume arising from decentralisation of salary payments using IFMS.

Recommended Appropriationto Vote Function 1403

The committee is satisfied with the planned activities and therefore recommends that Shs 37.271 billion be appropriated for Public Financial Management vote function.

Vote Function 1404: Development Policy, Research & Monitoring

Let me read the point that concerns the presidential initiative on banana and industrial development.

Presidential Initiative on Banana and Industrial Development (PIBID**)**

The committee observed that despite PIBID’s continuous budget allocations now amounting to over Shs 76 billion since financial year 2005/06 to date, the dream of having a state-of-the art community based banana processing industry at Bushenyi operating through a Technical Business Incubator is far from becoming a reality. The committee notes that, to date, PIBID is operating without a strategic plan and noted that in the absence of a clear strategic plan, the scope of the project is not clearly defined, the investment projections are not clearly defined and the time line for implementation to a commercial production venture are unclear.

Members may wish to note that the land on which the PIBID factory is located has a title in the names of an individual; the patent rights are also in the names of an individual giving rise to the question of ownership and governance despite funding of 100 percent by taxpayers’ money. PIBID is also faced with audit queries both in financial and value for money audits by Office Auditor-General.

The committee recalls that in one of the meetings with PIBID in financial year 2012/2013, the Executive Director assured Members that she is only answerable to the H.E President and this highlights reporting challenges. The committee further observes that out of Shs 16.815 billion released on31 March 2014, only Shs 8.521 billion was actually spent reflecting a performance of 50 percent absorption rate which highlights absorption challenges.

The committee recommends expeditious change of ownership of PIBID to 100percent ownedby Government as earlier recommended and immediate handling of governance issues including a strategic plan to guide its operations**.**

The committee is therefore constrained to recommend for the approval of Shs 9.0 billion to PIBID.

The committee further recommends that any additional funding to PIBID be subject to the resolution of ownership, governance and accountability issue as well as developing a strategic plan.

The committee now recommends that the proposed allocation of Shs 9.0 billion be re-allocated to other priority interventions

Recommended Appropriation TO Vote Function 1404

The committee earlier recommended that Shs 9.0 billion be re-allocated from Project 0978, PIBID under Vote Function 1404 to other priority interventions.

The committee therefore recommends that Shs22.623 billion be appropriated for development policy, research and monitoring vote function.

Vote Function 1406: Investment and Private Sector

Operationalization of Free Zones Act: The committee notes with concern that the Free Zones Act cannot be operationalised because of the funding gap. The committee further observes that whereas some parliaments have a stand-alone committee that tracks implementation of Parliament enactments and Subsidiary Legislation, such a committee is missing in Uganda. The committee recommends that Shs 2.6 billion be identified to enable operationalisation of the Free Zones Act. The committee will investigate the status of implementation of the Act so far passed and make a report to Parliament.

Project 0933-Competitiveness and Investment Climate Secretariat

The committee observed that the planned outputs of Competitiveness and Investment Climate Secretariat (CICS) in form of Business Environment (Shs 400 million), Productive Clusters (Shs 150 million), Firm level capabilities (Shs 200 million), Building competitiveness (Shs 450 million) are similar to either those of Uganda Investment Authority or Ministry of Trade and Tourism and this suggests duplication of activities and overlaps.

In addition, CICS plans to spend Shs 400 million on implementation of Competitiveness and Enterprise Development Project (CEDP), yet CEDP is an independent project with its proposed allocation.

With many challenges of a constrained resource envelope, the committee implores the Ministry of Finance, Planning and Economic Development to streamline and have these planned activities placed in institutions under whose mandate they fall. The Ministry of Finance should strengthen UIA instead of having a secretariat whose activities suggest duplication and overlaps.

The committee therefore recommends that CICS be scrapped and its planned activities be mainstreamed to UIA to avoid duplication and misallocation of resources.

The committee further recommends that Shs 400 million that was meant for CEDP implementation be re-allocated to other priority areas as per the appendices two and three.

UIA office phased development

The committee observed that, UIA office phased development is underfunded to the tune of Shs 120 million. The committee recalls that UIA sold off their Office premises in a prime location in the city and opted for rental premises and no clear justification was given to that effect.

The committee is also aware that UIA has a magnificent and spacious office building in Namanve Industrial Park on Jinja Road.

The committee recommends that UIA immediately relocates to Namanve Industrial Park to occupy the already existing office building and save the would be resources on rent for other priority interventions within the institution for investment promotion.

The committee further recommends that Government provides a Treasury Memorandum on the report of COSASE regarding the sale of UIA Offices.

The Board for UIA

The committee observed with concern, absence of the Board of Directors at UIA for nine months. This raises many questions in regard to governance issues and critical among them is “Who gives policy guidance to the Authority?”

The committee recommends that the process of constituting the Board of Directors be expedited to enable the Authority execute its mandate effectively.

The committee further recommends that UIA executes its mandate of advocating for improvement in the business climate by:

Providing a one stop centre.

Facilitating and promoting a favourable investment business climate.

Reducing cost of doing business in Uganda.

The committee now recommends the Shs 17.133 billion be appropriated to UIA but the subvention should not be released until the board is put in place.

Lack of SME Policy and Industrial Park Policy

The committee observes that the SME and Industrial Park policies have not been approved by Cabinet. The committee further observes that in absence of the SME and Industrial Park policies, the operations of UIA are constrained.

The committee calls upon Cabinet to expedite the approval of the SME Policy and Industrial Policy to enable operations of UIA. Therefore, the committee as earlier said, recommended that Shs 400 million be re-allocated for CICS and also recommends that Shs 42.91 billion be appropriated for Investment and Private Sector Vote Function.

Vote Function 1408 – Microfinance

The Microfinance Vote Function ensures sustainable delivery of financial services for Ugandans so as to achieve prosperity and enhance socio-economic policy –

**THE DEPUTY SPEAKER:** Procedure.

**MR SSEMUJJU NGANDA:** Mr Speaker, I did not want to interrupt my neighbour from Kyadondo but you had properly guided that he should pick key areas in the report. My following of the report available here is that he is reading sentence by sentence. Is he procedurally right to continue presenting a whole report which we actually have access to now?

**THE DEPUTY SPEAKER:** Chairperson, you have two minutes to wind up. *(Laughter)*

**MR SSEBUNYA:** Now that hon. Members have got the report on their iPads as per my neighbour in Kyadondo–

**THE DEPUTY SPEAKER:** Two minutes.

**MR SSEBUNYA:** Let me read the recommendations as per the committee. I will read the vote function and then recommendations.

Vote function 1408, the committee, therefore, recommends that the Micro Finance Support Centre be weaned off the government budget and with the accumulated resources and operate independently.

The committee further recommends that its proposed budget allocation be kept at a level appropriated in the last financial year and the proposed additional funding of Shs 3.993 billion be re-allocated to other priority interventions as per Appendix II and III.

On the Vote Function 1449, Project 0054 - Support to Ministry of Finance, the committee, is constrained to recommend for approval of additional funding to Project 0054 - Support to Ministry of Finance. The committee therefore recommends that only Shs 32.855 billion be appropriated to Project 0054.

The committee further recommends that Shs 18.464 billion be re-allocated from Project 0054 to other priority interventions.

On the matter of the Road Fund, the committee recommends that the proposal to reverse the policy be stayed. The committee further recommends that the road fund be fully operationalised so that:

Oversight functions are expected to instil better discipline and propriety in the use of road maintenance funds;

Receipt of funds for road maintenance by the designated agencies, who are the end users, is timely *–(Member timed out.)*

**THE DEPUTY SPEAKER:** Thank you. Please move the House to support your report. Honourable members, the motion before the House, which I now propose for your debate is that the report of the sectoral Committee on Finance, Planning and Economic Development of the ministerial policy statement and budget estimates for the financial year 2014/2015 be adopted. That is the motion for your debate.

But before you do that, in the public gallery this afternoon, we have LC I, LC II, LC III and chairperson from Kapyanga Sub-County in Bukooli County North, Bugiri District. They are represented by hon. Justine Kasule Lumumba, our own Government Chief Whip and hon. Stephen Baka Mugabi, the Vice Chairperson of the Committee on Legal and Parliamentary Affairs. They have come to observe the proceedings. Please join me in welcoming them.

I will have a statement from the Leader of the Opposition who is shadowing for the Shadow Minister for Finance.

1.50

**THE OPPOSITION CHIEF WHIP (Ms Cecilia Ogwal):** Thank you, Mr Speaker. This is one of the reports where consensus was generated. However, we have a few concerns which I would like to highlight.

First of all, there is the need for the schools to be audited because you realise that schools handle a lot of money but there is no system for auditing the expenditure of schools. So, that is one of the areas that we would like to interest the government to focus on.

Our second concern is the fulfilment of our obligations to international bodies where Uganda is a member. There are many times that Ugandans have suffered embarrassment because our Government fails in fulfilling the financial obligations. A good example is that of the ACPU where you, Mr Speaker, were the one leading the delegation. That is one of the areas that I would like the ministry to give due attention.

The third concern is the need for fast-tracking on the implementation of the single custom territory. It is very important that it is done. I also want to plead with the ministry that the increase in domestic borrowing must be resisted. That is obligatory by Article 159 of the Constitution. So I will plead that the Minister of Finance should come up with a better system but domestic borrowing will impact vey negatively on the performance of our economy. Thank you, Mr Speaker.

1.53

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Ms Maria Kiwanuka):** Thank you, Mr Speaker. I would like thank the committee for the very detailed report which we received on the Floor. I also thank the honourable Members of Parliament for staying this longand hearing the report. We also appreciate the committee’s recognition of our efforts on efficiency and transparency that we have implemented in the last financial year, such as the treasury single account, the budget website where you can see what is going on with the budget that you pass and the move to make sure that all salaries are paid on time.

I note the recommendations that require Government to provide additional money but as with the other sectors whose reports have gone before on the Floor, these additional requirements cannot be accommodated in the budget of this year because there is limited money. We cannot give our ministry more lee-way than has been afforded to other sectors.

I also note the recommendation for reallocation within the vote under the ministry. I wish to state that the ministry is not in commendation with these proposals for the following reasons:

On Non-Performing Assets Recovery Tribunal (NPART), this organisation is winding up. The winding up proposal is in Cabinet and as soon as it is approved by Cabinet, we will wind up NPART.

On Presidential Initiative on Banana and Industrial Development (PIBID), we note the recommendation on efficiency and on transfer of ownership. Our ministry agreed with the committee when we had a hearing. So we pray that the funding be continued while we finalise the change of ownership and the operational efficiency measures.

Under Competitiveness and Investment Climate Secretariat (CICS), the government funds are counterpart financing for the World Bank funding activities. Therefore, reallocation has implications for the partner financing. But I also take this opportunity to assure the Members that CICS is already working so closely with UIA – it is as if it is the same organisation.

Again on UIA, I am happy to inform the august House that we have sat down with UIA and Uganda Registration Services Bureau. UIA has a plot of land and Uganda Registration Services Bureau has a loan from the World Bank which will expire at the end of this year if it is not taken up. So we are going to take UIA’s land and the Registration Services Bureau money and build them a joint home which will be known as government property, not for UIA or Registration Services Bureau but for the government and we hope that Export Promotion Board and Uganda Tourism Board will also move there as we finish.

On the Micro Finance Support Centre, we take note of the committee’s recommendation – or I forgot to say UIA board is in place –(*Interjections*)– and I have the acceptance letters to prove it.

We take note of the committee’s recommendations especially regarding operations of Micro Finance Support Centre being in business division. However, SACCOs also play a pivotal role in financial accessibility to communities. As the Micro Finance Support Centre transforms to self-sustainability, we think they need to be supported until such a point. I also take this opportunity to inform the House that since we read the Budget, we have sourced an additional Shs 70 billion for agricultural financing from partners and this will be channeled to Post Bank and Pride Micro Finance.

Support to our ministry; the proposed funds for reallocation are meant for import taxes for the ministry and other institutions under our ministry. As you all know and approved, the government is now paying its taxes. So we do require this money to be made available for paying taxes.

Mr Speaker, in view of the above, it is my prayer that the proposed reallocations be stayed and be postponed to the budget committee where we can furnish up in detail and we see where recommendation will impact on another recommendation of the same House and how we can harmonise.

But we are very thankful for this report, the spirit in which it was given and we assure you we are already moving on that path. Thank you.

**THE DEPUTY SPEAKER:** Thank you, honourable members. It is now 2 O’clock and we had agreed that we would be closing at this time. But also we have seven Bills that we have to finalise with to kick-start the revenue side of the budget.

There was a document that was required for the list of the students that have benefitted from the loan scheme and it is here with the minister; she will be laying it on the Table immediately I close the statement I am making.

Hon. Members, I put the question that the report of the sectoral Committee on Finance, Planning and Economic Development on the ministerial policy statement and the budget estimates of financial year 2014/2015 be adopted.

*(Question put and agreed to.)*

*Report adopted.*

1.58

**THE MINISTER OF EDUCATION AND SPORTS (Ms Jessica Alupo):** Mr Speaker, I wish to lay on Table the approved students’ loan beneficiaries for the academic year 2014/15.

**THE DEPUTY SPEAKER:** Let the records capture the list of the students that have benefitted from the students’ loan. This House is suspended to 3 O’clock.

*(The House was suspended at 1.59 p.m.)*

*(On resumption at 3.14 p.m., the Deputy Speaker presiding\_)*

**THE DEPUTY SPEAKER:** Honourable members, I welcome you back from the short break we had. I must congratulate you, Members, for we have fulfilled one major legal requirement and that is completion of the handling of the reports of the sectoral committees. We were able to conclude that this morning, congratulations. I really thank you for this spirit because it is what has been able to facilitate this fairly fast pace at which we have moved. We only started on Tuesday and by today, we are done with all those reports from all the sectors. I am grateful and I sincerely thank the Members for the extra effort they have put in to facilitate this process.

Honourable members, we have one outstanding matter that is item No.3. Yesterday we had a discussion on it and we said we would sleep over it and come back today and see how we can proceed with it. We also have five Bills that are ready for handling; the reports are there from the committees so let us see how we can handle this matter of item No.3.

CONSIDERATION AND ADOPTION OF THE REPORT ON THE MOTION FOR A RESOLUTION OF PARLIAMENT TO AUTHORISE GOVERNMENT TO BORROW SHS 675 BILLION FROM THE DOMESTIC MARKET TO FINANCE SUPPLEMENTARY EXPEDITURE AND REVENUE SHORTFALLS FOR FINANCIAL YEAR 2013/2014

**THE DEPUTY SPEAKER:** Honourable members, you will recall that we had a debate on this matter yesterday. We received a report from the committee and it made its recommendations. We had a debate and we moved some direction but we could not conclude this matter and we agreed that we would come back another time to deal with it and that another time is now so that we can look at it again and see how we proceed with this matter. Does the chairperson have anything to say in opening? Were you consulted? Did you consult?

3.17

**THE CHAIRPERSON, COMMITTEE ON NATIONAL ECONOMY (Mr Xavier Kyooma):** Mr Speaker, I thank you very much for the opportunity. I think that at the point we left yesterday, the pronouncement was supposed to be given by this House because as a committee, we had already presented. I remember vividly that colleagues had raised some issues on which I feel I could give some responses with your permission, Mr Speaker.

**THE DEPUTY SPEAKER:** Maybe you could do that now to see how we can guide the debate. Let the chairperson first raise some of the issues and bring us all on board.

**MR KYOOMA:** Mr Speaker, most of the colleagues were joining the committee to appreciate the emergencies. Hon. Kwizera pointed out the issue that an error was committed. Mr Speaker, this is where I needed to make a comment and agree with hon. Kwizera that it is an error, which was committed but in accounting, an error is normally unintentional. It is fraud which is intentional and ways of rectifying it can always be sought and I think it is the mandate of this Parliament- *(Interruption)*

**MR ALEPER:** Mr Speaker, if I may refresh my mind, I remember very well that as you were about to adjourn the House yesterday, the Prime Minister brought a clear position that, “Given all the issues that the Members had raised, give us time as Government to come tomorrow, which is today, and respond to a number of these issues.”

I see us as putting the chairman in a very difficult position to explain what he has not raised and where Members raised concerns. So I thought, Mr Speaker, that the Prime Minister would respond to the issues raised as he had indicated and then since the Attorney-General is around, he would also give his comments over the issues that the Members raised. I thought that is how we would proceed, Mr Speaker.

**THE DEPUTY SPEAKER:** That is definitely correct but the person you are referring to is not in the House. The person who made the undertaking is not in the House.

3.20

**MR NATHAN NANDALA-MAFABI (FDC, Budadiri County West, Sironko):** Thank you very much, Mr Speaker, for the opportunity. A mistake can only be committed when it is not prescribed in the law. Anybody who breaks this Constitution- I think you know, Mr Speaker, as it is very clear. The issue we are talking about was borrowing and if I may quote the Constitution, under Article 159(2), it says, *“Government shall not borrow, guarantee, or raise a loan on behalf of itself or any other public institution, authority or person except as authorised by or under an Act of Parliament.*

*(3) An Act of Parliament, made under clause 2 of this Article shall provide:-*

*That the terms and conditions of the loan shall be laid before Parliament and shall not come into operation unless they have been approved by a resolution of Parliament.”*

Mr Speaker, if anybody has committed a crime and broken this Constitution, as Parliament, we cannot say it is a mistake and legitimise it. It would be wrong for us and for the people of Uganda.

Mr Speaker, I know you are the custodian of the Constitution as well as our Rules of Procedure in Parliament and we know you are a seasoned lawyer. Mr Speaker, we cannot come here and legitimise killing people. We cannot and the Constitution does not allow this. We cannot come here and legitimise people going to get authority to do things contrary to what the Constitution says. Mr Speaker, I would plead with you –*(Interruption)*

**MR OBOTH:** Thank you, former Leader of the Opposition –*(Laughter)* At least I did not say the late. The chairman of the committee sounded as a professional accountant and I would take it so but he had- I wanted you to help me**;** you are an accountant – he said there is a difference between gross error and an error. Is this commission of a fraud or an error?

**MR NANDALA-MAFABI:** Thank you and I am glad my brother, hon. Oboth, still remembers that I am the former Leader of the Opposition; am still a leader and will continue to be one. Thank you for realising that. As you are aware, I am still the chairman of Bugisu Cooperative Union.

Mr Speaker, I want to tell my brother that in accounts, we have what we call International Accounting Standards. They prescribe the methods of how to prepare accounts. The moment you divert from them, there must be consequences. One of the disciplinary actions is that the permit as an accountant is immediately withdrawn.

What would be the reason to misclassify something? You must have ill motive behind. The person who went to borrow without the approval of Parliament had a reason to borrow at a very fast rate; he had an intention to defraud Uganda – most likely there was fraud.

Mr Speaker, I recall when we were here in the Seventh Parliament, when we were on recess, cows wanted water. Those who were in Parliament at that time remember; we were called on short notice to come and approve Shs 7 billion so that cows could get water. There is no time when you called Parliament over any crisis and it refused to sit. How can somebody –*(Interruption)*

**MR MULIMBA:** Thank you, former Leader of the Opposition for giving way.

**THE DEPUTY SPEAKER:** That is the honourable member for Budadiri West.

**MR MULIMBA:** Yes. I wanted to give you this information and put you into context of what the threat was by yesterday. First, the motion which was laid before the House was seeking permission to borrow. That motion was laid on the Table on the 19 August 2014. There was an attempt made by the Minister of Finance to seek legal advice from the Attorney-General. That letter seeking advice was written in May. Consequently, the response by the Attorney-General was given to the Ministry of Finance on 2 June 2014. And the opinion of the Attorney- General is very clear and categorical on how to proceed with the request for borrowing.

Yesterday, I talked about this and I have the two documents here. I want to repeat that the request for a legal opinion from the Attorney-General was sought in May this year and the response was given on 2ndJune. But the request was tabled here on 19th. I wanted to put this in context so that you can decide whether this was fraudulent or a simple error.

**GEN. MOSES ALI:** Thank you, Mr Speaker. I think we must update our brother the member for Budadiri because he wasn’t here yesterday; if he was here then he wasn’t following –*(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, you recall that when I wanted to debate, you signalled to me like this yesterday. That means the Speaker saw me and that means that hon. Ali Moses the Third Deputy Prime Minister never saw me.

Is the Second Deputy Prime Minister in order –*(Interjections)–* whether he is fourth or whatever post; is he in order to say that I was not available when the person who took roll call, the Speaker, saw me?

**THE DEPUTY SPEAKER:** The honourable member for East Moyo was not putting on his glasses. So it is possible that he did not see you; but you were here *–(Laughter)*

**GEN. MOSES ALI:** Thank you. But what I wanted to say is that in my opinion, nobody made a mistake; not the Attorney-General or the people from the Ministry of Finance. The genesis of this problem can be related to how we went to rescue people in South Sudan; this Parliament was not consulted first because there was an emergency *–(Interruption)*

**MR ALEPER:** Mr Speaker, with all due respect to Gen. Moses Ali – yesterday, I remember very well that the Rt hon. Prime Minister acknowledged and made an apology that a mistake was committed. I am happy he is here; and he was appreciated. Now, his second deputy, Gen. Ali, comes here and says that nobody committed any mistake when the Prime Minister acknowledged and admitted. Is he in order to contradict the position which was stated clearly here. Can we know who is right and who is wrong?

**THE DEPUTY SPEAKER:** Honourable members, the honourable Deputy Leader of Government Business was not even able to see hon. Mafabi, so please let us just proceed with the issues – *(Laughter)*

**MR NANDALA-MAFABI:** Mr Speaker, since he was just giving me information –

**GEN. MOSES ALI:** Honourable Member for Budadiri, can you allow me to finish please? I am very careful with what I am saying. I saw the Prime Minister coming in, but that does not stop me from expressing my opinion. I said, “In my opinion”. It is not contradicting what the Prime Minister said. And I am repeating it that in my opinion, nobody made a mistake *–(Interjections)–* it does not matter. I am going to explain why I said this –*(Interruption)*

**MR SSEMUJJU NGANDA:** Mr Speaker, the Prime Minister gave a government position yesterday. His deputy, Gen. Moses Ali, sits on the frontbench by virtue of that appointment. Each time we see him, especially when the Prime Minister is not available, we see the Deputy Leader of Government Business giving the government position.

Is he therefore in order to continue insisting that each time he stands up to talk, it is his own position therefore he can contradict Government and continue sitting on the frontbench?

**THE DEPUTY SPEAKER:** Honourable members, when I asked the member to give information, he rose as the Member of Parliament for Moyo East and I recognised him as such. He has said he is giving his opinion. The Prime Minister has come and he will give the government position on this matter.

**GEN. MOSES ALI:** Thank you, Mr Speaker. I am always in this House because I am a Member of Parliament anyway. The rest of what you are talking about just came in after that. If I was not a Member of Parliament, I wouldn’t have responded to you. So, whether I am at the frontline or not, I still would have made my opinion.

**THE DEPUTY SPEAKER:** It is frontbench, not frontline. *(Laughter)* Rt Hon. Gen. Moses Ali, you are sitting at the frontbench not the frontline.

**GEN. MOSES ALI:** Yes, frontbench and not frontline. Thank you, Mr Speaker. *(Laughter)*

**MS AMONGI:** Thank you, Mr Speaker. The Rt Hon. Second Deputy Prime Minister has just stated that if it were not that he is also a Member of Parliament, he would not be at the frontbench. Procedurally, I am aware that those who are not Members of Parliament can also be appointed to the frontbench. Therefore, is it procedurally right for the Second Deputy Prime Minister to state that it is only those who are Members of Parliament who can be appointed to the frontbench?

**THE DEPUTY SPEAKER:** The Rt hon. Gen. Moses Ali was very specific. He said that for him, the reason he is there is because he is a Member of Parliament. That means that the appointing authority recognised him because he is a Member of Parliament. That is a very personal statement. Please let us not debate it.

**GEN. MOSES ALI:** Thank you, Mr Speaker. I want to say that I have nothing to apologise about because I am not going to blame people because of how they understand issues. That is not my problem. If they don’t want to understand what I am saying, that is not my mistake. Anyway, what I was saying is that nobody had made a mistake – it is because I am relating to what we are discussing, to what happened and why we are in South Sudan. Because of emergency, there was no time to first seek permission from Parliament. However, the issues that have taken place – the Minister of Finance was called upon to spend –*(Interruption)*

**MS CECILIA OGWAL:** Mr Speaker, we spent a lot of time yesterday discussing this same matter. Also a number of issues came up. Today, we expected Government to come up with details on what exactly happened and what methodology do we adopt to circumvent whatever is there now? What are the legal positions currently that we need to be aware of before we can take any decision? So, procedurally, is it proper that the Second Deputy Prime Minister diverts this House to present the Moyo position in reply to what the entire Parliament discussed yet we expected a full response from Government? Why is he taking us to Moyo? Is it procedurally right for us to move in that direction? Mr Speaker, I plead for your guidance on the method of doing business today.

**THE DEPUTY SPEAKER:** Thank you very much, Member for Dokolo who is also the acting Leader of the Opposition. Honourable members, I want to thank the Rt Hon. Second Deputy Prime Minister, Gen. Moses Ali, for the simple reasons that he stood in the gap when the person who made the undertaking to brief the House about what has happened had not yet come in. So, to that extent, I congratulate him because he was able to keep the House until the Prime Minister walked in.

It is proper that we follow on what we agreed on yesterday that you would come and brief the House about what your consultations have resulted into arising from what you said yesterday so that we can see how to proceed.

**MR AMAMA MBABAZI:** Thank you very much, Mr Speaker. Yes, we indeed carried consultations – just to summarise the long discussion; we had a very healthy debate.

I said that we apologised for what happened that the expenditure occurred before we obtained the approval of Parliament and there was unanimity in this House yesterday in accepting that apology.

Secondly, we had a debate which verged on technicality on whether Parliament had to handle this issue of borrowing as a condition for passing the Supplementary Appropriations Bill or not. And there was a suggestion from the experience of the hon. Rose Akol that actually we could separate the two – the question of expenditure and that of appropriation because this expenditure could be handled under Article 156 as excess expenditure –*(Interjections)*– okay, Section of the Public Finance and Accountability Act. Thank you.

We have carried out consultations and we are now satisfied that – no, before I say that – we also talked about where the problem was and I think we stated very clearly that when you look at the facts, the opinion of the Solicitor-General was correct because he addressed the question of monetary policy. The opinion of the Attorney-General was also correct because it talked about budget deficit. So, there were no contradictions between the two.

However, we said by some submissions of some Members that we need time to go into the details to see where the problem arose from so that we get to know why the Solicitor-General addressed the question of monetary policy when in fact the issues were about expenditure.

So, because this would take time, we thought it may delay the budgeting process; we are already late and we therefore want to consider this issue to determine whether it was possible legally**.** I am happy to inform this House that a conclusion has been reached and the Attorney-General can fill in on this**,** that actually it is possible to separate them. We can handle the question of excess expenditure separately so that we continue with a question of budgeting, we conclude it and at the same time we handle the other details and then we come back to Parliament to handle this question whether it is borrowing or not. That is the position.

**THE DEPUTY SPEAKER:** Maybe we should give the Attorney-General time, let him put the case then we see how to proceed with what they have proposed.

**MR RUHINDI:** Mr Speaker, the position that has been articulated by the Prime Minister has been to the point of a proper summation of the agreed consultative position. To elucidate more on the provision of the application of law by citing Article 156 of the Constitution, in that Article,clause 2 says *“If in respect of any financial year it is found-*

*a) That the amount appropriated for any purpose under the Appropriation Act is insufficient or that a need has arisen for expenditure for a purpose for which no amount has been appropriated by that Act, or*

*b) That any monies have been expended for any purpose in excess of the amount appropriated for that purpose or for a purpose for which no amount has been appropriated by that Act, a supplementary estimate showing the sums required or spent shall be laid down before Parliament and in the case of excess expenditure, within four months after the money is spent”.*

Here the underlying important areas are laid before Parliament. of course in (a) where a need arises for expenditure for a purpose for which no amount has been appropriated by that Act, that the monies have been expended for any purpose in excess of the amount appropriated for that purpose or for a purpose for which no amount has been appropriated by this Act, I will come back to that a little bit later.

Sub-section(3)reads:

“*Where in respect of any financial year a supplementary estimate has been approved by Parliament in accordance with clause (2) of this article, a Supplementary Appropriation Bill shall be introduced into Parliament in the financial year next following that financial year to which the estimates relate, providing for the appropriation of the sums so approved for the purposes specified in these estimates”.*

Most of these provisions of the constitution are re-echoed in section 17 of the Public Finance and Accountability Act. We need to disaggregate what we are talking about. Yes the borrowing element is critical and has to be addressed but we should also be mindful that we need to close the financial year and by doing so some monies were expended which were appropriated.

We need to disaggregate the figure of Shs 675 billion, look at the money which was expended through borrowing but was appropriated. My understanding, the Minister of Finance will fill us in, that comes to about Shs 500 billion, that was borrowed to fill the gap of a deficit of monies which had been appropriated. There are monies which came through borrowing but were not appropriated, falling now in the category referred to in Article 156. But the laying which was required to be done within four months- and I think the Minister of Finance will still guide us on that. My understanding is that when schedules 1 and 2 of the supplementary estimates which were laid here, were rejected –(*Interjections*) - they were laid within the four months required under the Constitution. Therefore my view and that of those we have consulted with is that we could first deal with the excess expenditure in respect of the Shs 175 billion under Article 156 and then deal with the entire issue of borrowing at a later stage. Why do we deal with this Shs 175 billion now - because we have to close the financial year accounts? Since the other one was appropriated, it does not have to be in what we are closing and we can deal with it together with the Shs 175 billion as a borrowing package at a later stage. I believe if we take that route, we may be safer that way rather than mingling issues and it may certainly be a mouthful.

3.50

**THE SHADOW MINISTER OF FINANCE (Mr Geofrey Ekanya):** Thank you very much, Mr Speaker. I want to thank the Prime Minister and the Attorney-General. We need to be very candid and honest with ourselves. I thank the Prime Minister for apologising but apology should be followed with action. You have taken a political decision; you need to sooth the hearts of the Members of this House and the countrymen and women that you are going to take appropriate action in conformity with the public service standing orders. You know that it has levels of punishment for violating the Constitution, for violating the Public Finance and Accountability Act; you can reprimand, suspend or seek any legal redress. So you have taken a political decision which is provided for in Article 164(1) and (2) that is good.

Secondly, to mix borrowing with excess expenditure is really to think that even if we are equivalent of S.4 or S.6, we at least understand simple English. Excess expenditure is separate. I have been a chairperson of local Government Accounts and dealing with Auditor-General who is an officer of Parliament.

The concept of excess expenditure is premised on the context that institutions have levies, they raise money. Like local governments and government bodies have incomes which then- because Parliament does appropriation, it can appropriate to Parliament Shs 30 billion.But if Parliament raises more money and then spends it without parliamentary approval that becomes excess expenditure to what you have been appropriated. That is very clear and is different from borrowing from a financial institution. So, this is very simple English and even if we were UPE graduates, we understand this language.

So, I want to ask the Attorney-General and the Prime Minister that hon. Rose Akol misled you, Mr Prime Minister. Excess expenditure only arises if you raise more money within your department and you spend it without approval.

Now, we do agree that we need to separate these issues. The argument of what the Attorney-General read about the supplementary and appropriation therefore cannot stand. So the way forward for us to exit in order to handle the Appropriation Bill is to separate. Let us put out the other money so that it becomes an audit query and the officials will be punished according to the law. For us, we go ahead and approve the Supplementary Appropriation because the law is very clear.

When he talks of Article 156 (2), it says that, if in respect of any financial year it is found- supplementary estimates have been approved by Parliament in accordance with that – if you read this whole concept - because within the Constitution and the Public Finance and Accountability Act, Parliament allows Government to spend within a margin of 3 percent or three point something percent and that is the basis on which you bring the Supplementary Appropriation Bill. These are separate issues and that is the one which is provided – the one that you are reading under Article 156. You bring the Supplementary Appropriation Bill to clear this because we gave you permission to spend within a margin of 3.3 percent. So, you have to bring it for final approval in the Supplementary Appropriation Bill within four months. I think this is simple! Attorney-General, you have been very good in some of these things. I thank you very much.

**MR NANDALA-MAFABI:** Mr Speaker, the reason as to why I went to law school was because of this Deputy Attorney-General. He used to call himself a learned man, I thought that me who studied other things, I am not learned and yet I had gone to school. But today, he has demonstrated something; that he is confusing this law with his learning at school. I will explain.

Thank you, hon. Ekanya, my shadow minister for what you have put up. First, to begin with, excess on what? You read that where expenditure on estimates has been appropriated by the Act and if we budgeted to buy a table- and I want to give simple mathematics – Shs 100 and then he goes and gets a table at Shs 120- are you getting me? We gave you Shs 100 but the table is Shs 120. So the additional Shs 20 you will use, it is because we allowed you to spend more on the table but, unfortunately, Parliament could have given you less money and you must get Shs 20 and add on to buy the table. That now becomes actual.

But where you have an activity, which you want to spend on that is when you must make an estimate and that is where I want to read the law and you see what I am meaning. A supplementary estimate showing the sums required – for the activity you have not planned or spent on what you approved but money is less. This is what it means.

So, what I am trying to say, Mr Speaker, is that supplementaries are allowed and we have come up to say 3 percent - that is why I want to thank the Prime Minister, who is such an intelligent person and apologised but the Attorney-General thinks that he is learned and we shall not see.

You cannot confuse this with borrowing and that is why there is a specific article on borrowing and Article 159 says that when you go to borrow, you must seek authority from Parliament but to spend money which has been appropriated and assuming as hon. Ekanya has said, you discover on the Consolidated Fund that you have excess money like maybe balance brought forward or you have got a windfall from oil and then you have activities for which you budgeted less, you can spend. But you cannot go to borrow to spend without parliamentary approval.

So, that is what I wanted your Attorney-General to come and say that the estimates are here for what we want to come and spend but was not planned – but on this one we have spent and you approved but less and if there is an error, we must deal with it because where did we get the money. And that is where you are allowed to cut the budget – you come here and you have readjusted and we say okay. You cut from Lands and Health which is fine because there was an activity which was planned and there was not enough money for you to spend. But having said that, Mr Speaker *–(Laughter)*

**THE DEPUTY SPEAKER:** That seems to be the new title.

**MRS OGWAL:** Thank you, member for Budadiri West, for allowing me to give you more information. Mr Speaker, on what the Attorney-General has stated, I would wish to pray first before I make a statement because I would not like to say something that will hurt the spirit of God. The law that I have not read as I have not sat in a class to learn law – but I have learnt peripheral legal issues and have been equipped with so many pieces of legislation that we have passed and so many other regulations.

Section 17 (4) of the Public Finance and Accountability Act stipulates and I want to read it for us to clarify on the issue of excess that was raised by hon. Rose Akol and it says, *“Any excess or any amount expended but not appropriated which is not allowed in terms of sub-section (2), shall be treated as a loss of public monies and dealt with in accordance with sub-section (2) of section 43”*

Now, if you allow me, Mr Speaker, to look for 43(2) – can I read it for you? 43(2)(i) says, “*Any person who commits an offence under Section 42 shall be liable to a penalty……”* but 43(2) says, “*A loss or deficiency in public money or other money occurs that has been advanced to or was under the control of a public officer.”* So really what this law is prescribing is punitive action for misuse of public funds or any expenditure outside the legal framework and that is what I understand.

Every appropriation by Parliament of public moneys for the service of a financial year, and every warrant or other authority issued under this Act in respect of a financial year, shall lapse and cease to have any effect at the close of that year and the unexpended balance of any moneys withdrawn from the Consolidated Fund shall be repaid to the Consolidated Fund.

I want to read just one more section. Section 19 (1) of the Public Finance Accountability Act stipulates that, *“Every appropriation by Parliament of public moneys for the service of the financial year, and every warrant or other authority issued under this Act in respect of a financial year, shall elapse and cease to have any effect at the close of that year and the unexpended balance of any moneys withdrawn from the Consolidated Fund shall be repaid to the Consolidated Fund.”*

That is what the law says. The law goes on to say, “*The item being solicited under Regulation 38(4) of the Public Finance and Accountability Regulations stipulates that Notwithstanding that supplementary estimates may have been submitted to Parliament for approval, no action shall be taken by any accounting officer who creates a commitment on public funds before parliamentary approval is obtained.”*

But most importantly, take note of section 19(4), which actually clearly states that it is a law to public funds. The law tells us that whatever is spent in excess is a loss of public money and is subject to punishment. That is what the law says. I am not a lawyer but forgive me for being ignorant; that is why I wanted to pray first before I make the statement.

**MR NANDALA-MAFABI:** Thank you very much, our Opposition Chief Whip. Colleagues, I want to read after (b) what the Attorney-General raised so that we understand –

**THE DEPUTY SPEAKER:** Hon. Members, I think there are children who are leaving. In the Gallery, this afternoon, we have St Catherine Day and Boarding Primary School located in Bukoto, Kampala District. They are represented by hon. Fred Ruhindi and hon. Nabilah Ssempala. They are here to observe the proceedings of the House. Please join me in welcoming them.

**MR NANDALA-MAFABI:** Attorney-General, your future voters were here when you were making mistakes *– (Laughter)-* Mr Speaker, what I was trying to say is - I want to go to the last one. A supplementary estimate showing the sums required or spent shall be laid before Parliament. Then it says, “In the case of excess expenditure within four months…” that is what it means, as hon. Ekanya brought it out. For example, in the table, if it was 120 and you were given 100, that 20 must be laid in Parliament within four months but for the estimates you want to spend on an activity which was not there, you must come early, submit the estimate and Parliament approves then you can go and deal with that.

Article 164 (2)- and that is where I want to agree with hon. Geoffrey Ekanya- says, “*Any person holding a political or public office who directly concurs in the use of public funds contrary to existing instructions shall be accountable for any loss arising from that use and shall be required to make good the loss even if he or she has ceased to hold that office”.*

Mr Speaker, if there is anybody who directed- and that is where I failed to understanding why hon. Geofrey Ekanya did go to public service because I know the person who should procure money for the people of Uganda, make discussions or go to the World Bank, is the Minister of Finance and the Minister of Finance cannot be disciplined under Ministry of Public Service; it is the appointing authority.

Now I tried to recall what they said, one of the officers in Finance even goes ahead to take the role of the Minister of Finance to procure the money. That is criminal; that is not the responsibility of the Secretary to Treasury to borrow and go and look for money on our behalf. It is the Minister for Finance. *(Applause)*And if anybody who is a civil servant went and received money and not the minister, it is time now to deal with this person. Otherwise, that means people are undermining both ministers, undermining authority and stepping on their feet. It is Parliament that approves ministers and gives them the go-ahead to work in ministries. If there is anybody undermining our minister on this one, we must take action as and when appropriate.

Finally, Mr Speaker, on the issue of borrowing, whether you jumped from where or to somewhere, I want to tell even my brother, the Prime Minister, who ran away from Bugisu because of circumcision *–(Laughter)–* that the authority to authorize borrowing is Parliament and nobody can sit there alone to borrow on behalf of Parliament without authority. So, you could say you made a mistake and apologise. Well, we can look at this but you broke the law and we are going to deal with you according to who did this without parliamentary approval. We must deal with it under the Constitution.

I am happy that the Prime Minister was a member of the Constituency Assembly. Even hon. General Moses Ali was a member of the CA; they are the ones who made the law. We are implementing what they told us to follow and when I was sworn in here in November, I said I will uphold the Constitution and I can assure you and I am with my colleagues, we shall uphold this Constitution.

**MR AMAMA MBABAZI:** Thank you very much, Mr Speaker and I would like to thank my colleagues for their presentations. I will not dispute what my young brother, hon. Nathan Nandala, said. Yes, we can arrange *–(Laughter)*

**THE DEPUTY SPEAKER:** A journalist would say you were non-committal on the subject.

**MR AMAMA MBABAZI:** I think what hon. Ekanya, hon. Mafabi and my sister, hon. Ogwal, are saying and is relevant to the debate on whether this is excessive expenditure or not; whether it is borrowing or not. Actually what we want to look at as I said in my summary is whether we can separate these two so that we can continue with the budgeting process and then come back to it so that we can have a full-blown debate.

Now if you don’t want us to do that, please suggest what we do because incidentally *– (Interjections)* – May I? You see, hon. Cecilia Ogwal of course made a brave attempt at reading the Act but can I read all of it for you, hon. Members?

Section 17’s marginal note is *“Excess expenditure”* and sub-section (1) reads:

*“Where at the close of account for any financial year it is found that monies have been expended (a) on any expenditure vote in excess of the amount appropriated for it by the Appropriation Act or (b) for a purpose for which no monies have been voted or appropriated, or (c) in excess of the sum assigned to an estimate forming part of an expenditure vote in the estimates of expenditure approved by Parliament, for the financial year and to which no further sum has been applied under this Act, or any regulation issued under it, the amount of the excess expended or not appropriated***,** *as the case may be, shall be included in a statement of expenditure in excess which shall be laid before Parliament and referred to the appropriate committee of Parliament.”*

Sub-section (2), “*The appropriate committee in sub-section (I)- the one I have just read-, shall report to Parliament a statement of expenditure in excess referred to under sub-section (1) of this section within six months after it is referred to it”.*

Sub-section (3), *“Where on receiving the report of the committee mentioned in sub-section (1), Parliament, by means of a motion, allows the excess or the amount expended but not appropriated, to stand charged to the public funds, the sum required to meet that excess or that amount as shall be allowed shall be included in a Supplementary Appropriation Bill for appropriation.”*

Sub section (4), which he read, “*Any excess or any amount expended but not appropriated and which is not allowed in terms of sub-section (2), shall be treated as a loss of public monies and dealt with in accordance with sub-section (2) of section 43.”*

So what we are seeking to do now as the Executive falls directly in the terms of this section. It was excess expenditure, we had brought a motion for a resolution, the matter was referred to the committee so if Parliament passes it then (4) does not apply. If Parliament rejects it then (4) comes into operation. Okay.

Now, -

**THE DEPUTY SPEAKER:** You rose on procedure, Rt honourable.

**MR AMAMA MBABAZI:** Yes, but I was carried away. So my procedural point is what I said. The idea was to separate them so that we continue with this exercise, finish it and then come back and handle it fully. That is the point of procedure I was raising.

**THE DEPUTY SPEAKER:** Can I deal with this procedural point or is it related to this one? If it is related then I can handle them both.

**MR MULIMBA:** Thank you, Mr Speaker. First of all, we had a motion brought before this House seeking approval for borrowing. That motion was laid before this House and the Speaker directed that motion to be referred to the appropriate committee. The committee has done its work and they have brought the report before this House and we have the recommendations of the committee therein.

Mr Speaker, I wanted to know whether we are procedurally right to deviate from debating the report and proceeding either to approve or not to approve the report and instead deal with other issues because as we proceed, in my opinion, we seem to be dealing with another matter, which is not the matter that is the subject of debate.

The subject of debate is the motion, which was brought before this House under Article 159 seeking approval of this House to borrow. The committee in their recommendations are very categorical. They have said they are constrained to recommend for approval. I would have therefore expected that we proceed with that and other matters, which would be either attendant or consequential to this one, would be treated later.

Therefore, Mr Speaker, are we moving in the right direction procedurally to leave the committee recommendations and deal with what was not tabled? Because the committee report is premised on the motion that was laid before this House and we should do that. I seek your guidance about that.

**THE DEPUTY SPEAKER:** Honourable members, I beg you to listen to me on this subject because we had a debate on it yesterday and I made some guidance points on this issue. First, let me deal with the procedural point raised by the member for Samia Bugwe North.

The simple reason why this particular motion is being debated is because of the budget. You will recall that the day I sent you Members to committees, in my communication, I said if this report was ready, we would reconvene plenary specifically for that purpose, finish it and then you would go back to your committees. But it happened that the committee was not ready before we resumed plenary.

The guidance on why it is on the order paper is that the Business Committee believed that it affects the budgetary process and that without disposing of this matter, it would hinder the completion of the Supplementary Appropriation Bill and the closure of the last financial year, which will pave way for us to move to deal with the budget for this financial year. That was the basis.

So, are we proceeding correctly? Yes we are because that is the matter before us. As we begin to discuss this motion and go into the details, we find that in relation to the budget, it is not the borrowing that is important; it is the expenditure that is important. The borrowing is not important for purposes of the budget, the expenditure is.

So the question that this particular motion is begging is, how was the money you borrowed spent? So the question of how was it spent becomes relevant to this debate because how was it spent relates to how we close the financial year and proceed with the issue of the budget for this next financial year. So it is a relevant debate, member for Samia Bugwe North.

Now the procedural point raised by the Rt hon. Prime Minister and taking in the submissions- and I must say fairly well informed submissions from the learned Attorney-General and the honourable member for Dokolo, honourable member for Budadiri West and also the member for Tororo County, they have all been very elaborate to the extent that we are trying to see.

We now have this situation of the borrowing and the expenditure. Is it possible for this House to find time to deal with the provisions of Article 159 relating to the borrowing at a time when we have sufficient time to handle this? That is the question and for now let us deal with the provisions of Article 156 that relate to those issues of expenditure and expenditures in excess of what was appropriated.

Please member for Rukiga, lend me your ears –(*Interjections*)- that is why I am saying lend me your ears. If you are speaking at the same time as the Speaker, we might not follow what we are saying. So is it possible to separate those two things now? The money, which was borrowed was spent. When was it spent? It was spent in the last financial year. How was it spent? It was spent in two categories. The first expenditure was to supply a gap on revenue collection.

There was a revenue shortfall on money that Parliament had already appropriated for expenditure. Parliament had given the authority to spend but there was no money to spend. So from the money in this motion; the Shs 675 billion, the information that is now coming is that Shs 500 billion of it went to provide for what Parliament had already appropriated but which money was not available.

So in other words, the Shs 500 billion would not require an additional appropriation from Parliament because that appropriation was already given. Are we together there? So that means that what we now need to deal with is the question of the Shs 175 billion, because the Shs 500 was appropriated. If we agree that we can handle the source of the funding later, then we can come to the issue – because the Shs 500 billon which was already appropriated. So it is not an issue.

Now, how do we treat the Shs 170 billion; the Constitution, in the same article that we have read states that any of those kinds of expenditures must be laid within four months before Parliament. Was this done? The answer is yes; twice actually. It was done through supplementary schedule one and supplementary schedule two. So it was laid before Parliament.So did these people comply with the Constitution, yes they did. They laid those supplementaries before Parliament before the four months. Did it go to the committee? Yes. But what did the committee say?The committee said: “Where did you get the money because it was already spent? That is where the stalemate was**.** So the Budget Committee declined; that was some months back; that is how it came back to this House. They said they refused to approve the budget because this borrowing was done without parliamentary approval. That is where we are**.**

So the Shs 175 billion therefore has not to date, way beyond the four months, been approved by this House. So how do we treat the Shs 175 billion? That is the point the learnedAttorney-General was making. The financial year has ended; the period within which we should have approved those issues could have passed. Should we treat it as a supplementary expenditure or excess expenditure? That is the question.

If we choose to treat it as a supplementary expenditure, that means we will now agree that the figure of Shs 175 billion or whatever it is goes as a Supplementary Appropriations Bill which is still pending, it is not yet ready because of this matter. Then it comes in as Shs 175 billion, we finalise with it, we close the financial year and move forward.

But if it is considered that it cannot be treated as a supplementary expenditure, then with all the respect I have for your opinion about the background why this provision was brought; this is expenditure in excess of what was appropriated. And under Section 17, it is clear that it can be treated as such. So that means that if we chose to treat it as excess expenditure, then we will follow the procedure laid under section 17 of the Public Finance and Accountability Act, in which case the minister would be required to bring that statement of the excess expenditure lay it before Parliament and it is sent to a committee. And the committee under section 17(2) would have the authority to proceed with that and reportback to the House within six months.

Now, if the committee comes back within six months with this Shs 175 billion report, and this Parliament says, “No, we cannot approve it,” that becomes a loss of public money. Now, when it becomes a loss of public money, the procedure now goes under section 17(4) of the Public Finance and Accountability Act.

Once it goes there, section 43 kicks in on how you deal with the officers who are responsible for that. That is how the procedure should be. So Rt Hon. Prime Minister, in my view, that is how we need to proceed on the procedural point you have raised.

The option is, do we treat the Shs 175 billion as a supplementary expenditure, in which case it goes as a Supplementary Appropriations Bill to close the financial year or should we treat it as excess expenditure in which case we proceed under section 17 of the Public Finance and Accountability Act?

**MR KWIZERA:** Mr Speaker, you have given us very good information. However, the motion before the House is entitled, “A report of the committee of National Economy on the motion for a resolution of Parliament seeking authority to borrow Shs 675 billion from domestic market to finance supplementary expenditure and revenue shortfall”.

When you go to the last paragraph, six, they say, *“Having analysed the laws applicable to borrowing by Government, and having deduced the findings and observations above, the committee is constrained to recommend to the House the approval of borrowing of Shs 675 billion from domestic market to finance supplementary expenditure and revenue.”*

Whereas we appreciate the explanation given to us, how do we relate this information you are giving us with that of the Prime Minister and that of the report? Are we debating the report of the committee or we need the committee to rewrite the report? The minister then can go back to the committee and provide this information which they never provided before. Otherwise this report falls short of what you have said and I wish to be guided.

4.30

**MS ROSE AKOL (NRM, Woman Representative, Bukedea):** Thank you, Mr Speaker and I would like to thank you for the guidance you have given to the House. I would like to follow up and say that part of the Shs 657 billion was monies appropriated. Part of that supplementary expenditure was funded by monies already appropriated. The difference *–(Interjections)–* I am a member of the Budget Committee and I know.

Part of that supplementary which is being funded by the Shs 175 billion is what is before us here. I would like to propose – it is true, as you have guided that that expenditure was laid here in time. Then, as guided by section 17 regarding excess expenditure, the committee has six months within which to report.

So I would like to propose that now that we have facts that that expenditure was laid in accordance with the Constitution and that the Public Finance and Accountability Act guides that the committee can report within six months, I propose that in the interest of us passing this budget in time, let Government withdraw that request to borrow and then we deal with it together with this report when it is brought by the Budget Committee within the six months. Otherwise for now, what can be presented for supplementary appropriation in the Supplementary Appropriation Bill is the supplementary for expenditure that has already been appropriated by this House. I beg to move, Mr Speaker.

**THE DEPUTY SPEAKER:** Just a correction from the chairperson of the Budget Committee. The amount that was appropriated or used to supply the revenue gap shortfall was Shs 475 billion not Shs 500 billion as I had said earlier. So the excess is Shs 200 billion. Can we hear from a person who has not yet made a contribution on this subject and that is the honourable member for Bugweri.

4.34

**MR ABDU KATUNTU (FDC, Bugweri County, Iganga):** Thank you very much, Mr Speaker. We are somehow in a fix and it looks like the Leader of Government Business, the learned Attorney-General and hon. Rose Akol are trying to convince us to do financial engineering – let us fix this money like this, maybe Government can withdraw then come back after this; this is clumsiness! Mr Speaker, I think we should not be party to it. *(Interruption)*

**MS AKOL:** Mr Speaker, what we have said here is what is provided for in the law. The honourable member is a lawyer and we are also quoting the law. When we quote the law and he tries to use un-parliamentary language to say that we are clumsy, that the law we are quoting is also actually clumsy and yet he is a legislator who participated in the passing of this law, I think that is demeaning even for his stature as a lawyer. Mr Speaker, is it in order for the honourable member to insinuate that the laws we are quoting are clumsy and therefore the people quoting these laws are also clumsy?

**THE DEPUTY SPEAKER:** Honourable member, you could have made the same point without using those words. So, please, as they say in the other programme, “Mind your language”; do not offend other members because we owe this dignity to everybody.

**MR KATUNTU:** To those offended, I sincerely apologise. However, let me say that I do not think there is a law that provides that Government can withdraw and come back after six months when we have sorted it out. Mr Speaker, there is a report, which are considering, and we are about to take a decision on that report. We would not have been in this position if people followed the law. We are only in this position because some people did not follow the law.

I listened patiently as the Rt Hon. Prime Minister cited the Public Finance and Accountability Act. First of all, the law envisages excessive expenditure but provides for the way to deal with it; it does so. Does it also envisage illegal money? Does it also envisage that we can discuss monies that have been borrowed unconstitutionally and that if that money is already in the public coffers, we treat it this way? Does it provide for that? It only provides for legitimate money –*(Interruptions)*

**MR MULIMBA:** Thank you, hon. Abdu Katuntu, for giving way. I said this and I want to repeat it, we have a motion that preceded the report that is before us from the committee. Before tabling that motion seeking approval of this House to borrow – the motion was tabled on 19th June - on 20th May this year, the Minister of Finance wrote to the Attorney-General seeking legal guidance. After getting that guidance was given, they came to table the motion in contravention of the legal guidance that had been given.

In order to inform my colleague, I will read the conclusion of the Attorney-General’s advice in respect to this particular motion: *“This particular request for financing of supplementary expenditure which was done through domestic borrowing is stated to have been done with the legal opinion of the Bank of Uganda in mind. My opinion is that financing supplementary expenditure is the same as financing budget deficit and the opinion of Bank of Uganda is not applicable.*

*Financing budget deficit is provided for under Section 19 (2) (a) of the Public Finance and Accountability Act and Section 11 of the Budget Act. It is not exempted from being laid before Parliament. In conclusion, therefore, borrowing to finance supplementary expenditure requires parliamentary approval since it is beyond the three per cent allowed by the Budget Act.”* That is the information I want to give.

**MR KATUNTU:** Mr Speaker, I would like to propose a way forward. You see, we are in some kind of stalemate and at the end of the day we must conclude the budget process. Maybe, Mr Speaker, you could use your discretion to have a few members study the options raised by the Prime Minister and report to us, so that we can see which other options are available that we can use to sort out this impasse.

The consultations that were done before seem to have been only between the Prime Minister, the learned Attorney-General and maybe –*(Interjections)*– I was going to talk about another person – the technical staff. I never mentioned that name. If we can have a few colleagues to sit and see whether there are any other options available and report to us, we will be able to break this impasse.

**MR AMAMA MBABAZI:** Mr Speaker, I think that is a reasonable proposition, so that that small committee can look comprehensively at the issue; it can look at the options and we could include the MP for Mukono North so that she can learn a few things. The rest of business can continue as we wait for that committee to report back with options for us to take a decision. I support that proposition. Thank you.

**THE DEPUTY SPEAKER:** But how are we going to constitute this committee?

**MR EKANYA:** Mr Speaker, whereas the proposal of the shadow Attorney-General is very magnanimous, I think for the integrity of Parliament and for the committee that has done a very good job, it would be prudent that we vote on their report then the committee being proposed can now come with a way forward once we have endorsed it. It takes a lot of time and stress, burning the late night candle for members to work on this. This matter first appeared before the budget committee and a report was brought to this House objecting to it. The matter was then referred to the Committee on National Economy.

All this is because the Minister of Finance and Government were not candid. According to the information available, the domestic borrowing of last financial is more than what they have declared, and I will supply the information. They were not candid when the matter was before the budget committee and when the matter was referred to the Committee on National Economy.

So, I think for the record, it is just better that this House – Outside there, colleagues, people are saying that Parliament is just rubber-stamping and we are useless. Our rating has gone down. So, I kindly request you, Mr Speaker, to put the question and we endorse the report and then a committee can come up with a way forward.

**THE DEPUTY SPEAKER:** But in the report the committee says it is constrained to recommend an approval. In other words, it is asking this House to take a decision whichever way. That is what they have recommended. The committee is constrained to recommend an approval; is that what you want to approve? In other words, they have thrown it back to the House and the House is now trying to find a way forward on how to deal with it.

They have already finished their job. By debating for all these hours, we have given great honour to the chair of the committee and I am sure he is very pleased. So, please, let us not just take decisions for the sake of taking them. There is something they call finality of a matter; does it lead to the final conclusion of this matter? It does not; it keeps it hanging.

Can we go by the recommendations of the Shadow Attorney-General? I do not know under what rule I have to constitute this committee. Do I simply nominate a temporary membership? Can we have a number of five and can we have people volunteering to be on it?

**MR OKUPA:** Thank you, Mr Speaker. I propose that we send this to the Committee on Legal and Parliamentary Affairs. We have enough legal minds there and most of the issues are legal in nature. That will simplify our work.

**THE DEPUTY SPEAKER:** The legal committee is again too big. It will have issues of quorum, signatures and all these other things. We need something expedient.

**MR ALEPER:** Mr Speaker, I would like to make a proposal, basing on what we have seen from members who made substantial contributions on this particular subject matter and we appreciated. The Member of Parliament from Budadiri made us appreciate it; we appreciated what the Shadow Minister for Finance, hon. Ekanya, said in this House; the Attorney-General of the Opposition also talked; hon. Akol made a substantial contribution. I think these should be the right people, and then we could get a fifth person.

**THE DEPUTY SPEAKER:** Honourable members, the proposal is that we take the member for Budadiri West; the member for Tororo, who is the Shadow Minister for Finance; the member for Bugweri, who is the Shadow Attorney-General; and the member for Bukedea who brought this other option.

The chairman of the budget committee of course will be part of this. We shall also have the honourable chairperson of the Committee on National Economy, the chairperson of the budget committee, of course the Deputy Attorney-General, and the member for Samia Bugwe North. The honourable member for Kyamuswa, former vice-chairperson of the budget committee; can we have him there. Can we have somebody from finance, maybe the minister?

When do they come back to the House? Honourable members, we need the Supplementary Appropriation Bill prepared. Some of these figures that are lingering here have to be removed from that Bill so that it can come to the House.

We had thought we would end the budget process by next week but if we are going to allow this committee to also report next week, that means the Supplementary Appropriation Bill cannot be prepared. So, can these people just consult and come back tomorrow? The issue is not too involving.

**MR EKANYA:** Mr Speaker, I was whispering to the Shadow Attorney-General that for purposes of conformity, you raised a fundamental question about what rule to use. So, I would like that a motion to be moved that this committee be constituted under our Rules of Procedure providing for the constitution of an ad hoc committee so that we properly name-

**THE DEPUTY SPEAKER:** No; I have to consult the whips and all those things if I am to constitute an ad hoc committee. This is just a consultative committee of the House which will go and sit and come and brief us tomorrow. They will choose among themselves who will present what they will have decided. If you are to go to the issue of an ad hoc committee, I would have to consult the whips, then the whips have to send names then I have to take a decision on who goes there and that takes a longer period.

Please, let us just say that it is consultative process within the House. The House has agreed that they consult and come back to the House tomorrow. These people should be ready by – oh, tomorrow is Friday. Can you report by 11 o’clock tomorrow because the matter is not really that big? It is just about all these issues that we have discussed and how we can move forward from here.

**MS KAABULE:** Thank you so much, Mr Speaker. You have now formed a group of honourable members who are going to consult and come back with a report. Is it procedurally right for us to come up with a report based on a hanging report which has not been disposed of?

**THE DEPUTY SPEAKER:** This is the whole process of disposing of that report. It is the whole process that will lead us to the final determination of this issue.

**MS ALICE ALASO:** Thank you, Mr Speaker. I have two issues; one has to do with the time the consultative team will report back. If it has taken us this long to logically dispose of this matter, it may be very ambitious to ask them to come tomorrow morning. On that, let us give them Tuesday 10 O‘clock to report back.

Secondly, I am also interested on how we shall migrate from that position of the committee report without pronouncing ourselves and then we go to the consultative team. I thought this House would adopt the report and say that because we have received from you your inability to give a final recommendation on this matter, we now make this consultative team, so that it does not look like there is a gap and the report just disappeared somewhere in the middle.

**THE DEPUTY SPEAKER:** I have already spoken on that subject and I do not want to repeat myself. I said this is part of the consultation leading us to take a decision on what the Committee on National Economy has recommended. Yes, it will lead us there and when they come with the recommendation, then we will take a decision on this and we move on.

**MR NANDALA-MAFABI:** Thank you very much. I really listened very carefully when you were talking and you raised two issues: to expend it as excess, which falls under something or *– (Interjections) -* Please, I went to school - *(Laughter).* You talked of expending it or the excess being a supplementary and we had listened in. That basically falls to the Prime Minister and his team to make a decision.

As for us, what we are discussing, if we are going to talk about the report, is trying to assist the committee. Why were they constrained? Do we take an affirmative decision that we have rejected or we have accepted? In fact, the committee report is focusing on the financing side and not the expenditure side. That is why I am trying to be clear. You know for us, mathematicians, one plus one is equal to two.

The reason as to why I am raising this is because we must have clear terms of reference. That is why I want to propose that the two items that the Speaker raised do not fall under the mandate of this committee but fall under the mandate of the Prime Minister and his team. They have to take a decision either to determine it as excess expenditure or to bring it as appropriation. We are going to look at the financing side so that we can assist our committee. Why didn’t they make a decision that is a finality - that is the reason I am raising this.

**THE DEPUTY SPEAKER:** Honourable member, if the members that we have nominated are going to look at the financing side, and if the issue of whether it is excess expenditure or whether it can be captured under supplementary is in the mandate of the Prime Minister, then there is no point in constituting a committee. There is no point in nominating anybody to go and do anything because if it is the view that the Prime Minister and his team can take this decision and come back to the House, then we do not need a team.

**MR NANDALA-MAFABI:** That is why in that light, I want to concur with the members who are raising the issue of the report of the committee being disposed of. The motivation of our committees comes from taking action on their reports. So, as Parliament now, what is before us is a committee report and we can adopt it in any way. If we are constrained, we can say that we adopted a constrained report or we can say that we rejected it, but the committee report must be adopted in this House.

**THE DEPUTY SPEAKER:** Must be adopted or voted upon?

**MR NANDALA-MAFABI:** Mr Speaker, we must take a decision on the committee report. *(Laughter)*

**THE DEPUTY SPEAKER:** Honourable members, I thought that we were trying. Yes, Shadow Minister for Finance.

**MR EKANYA:** Mr Speaker, I stated here that the Ministry of Finance and Government need to come out honestly so that we bring this matter to a close because we are going to work. We want the Minister for Finance to declare what the total domestic borrowing was.

According to the government records that I have here for the financial year 2013/2014, if you add the totals it goes to – Let me just tell you, the treasury bond alone was US$ 542 million and then the treasury bills were US$ 867 million, and that excludes financing the budget, if I am to go into details. So, I want the Minister for Finance to save this country and Parliament –

**THE DEPUTY SPEAKER:** Hon. Ekanya, were those ones for monetary policy issues or they were borrowing?

**MR EKANYA:** Mr Speaker, the interpretation on this page is domestic debt. Whenever we are approving a budget, there is a clause on Treasury operations which goes for debt payment and this is under domestic debt. Even Treasury operations are part of the Constitution but they have been doing it illegally and we have been keeping quiet. So, last financial year, the Ministry of Finance borrowed more than a billion shillings and this financial year is in excess.

I therefore want the Minister for Finance to save us time and declare all that they have borrowed - it is as simple as that - so that we go and finish this thing. I do not want to table documents here and again we go back to square one. Hon. Minister for Finance, be honest and declare the total domestic borrowing you did for financing the budget.

**THE DEPUTY SPEAKER:** Honourable members, I thought that the chairperson of the Committee on National Economy said that the borrowing that was for financing the budget that was approved is now Shs 475 billion. You cannot finance a balanced budget with something that is more and is not revealed. So whatever is beyond Shs 475 billion would be in excess of what Parliament had appropriated. The Shs 475 billion relates to what Parliament had appropriated but money for it was not available. Anything beyond that is certainly different.

The question that we want to deal with is: how do we close the accounts for the last financial year? That is the basic question we want to answer so that we can finalise with the budget process for this financial year. That is the issue before us.

**MR JACOB OBOTH:** Mr Speaker, you have guided quite a number of times and now we can appreciate why the committee was constrained; the constraint is in our faces, but you have tried and I got it.

I want to commend the Leader of Government Business. If I have heard many leaders in Uganda, I have not heard them very clearly owning up. Today, the Leader of Government Business, like he did yesterday, and the Shadow Attorney-General have taken responsibility to say that they are sorry.

Mr Speaker, we are going in circles. You have heard what some of the nominees of this consensus building committee are saying. The Committee on National Economy reported to us and two members of that committee - one is the Shadow Minister for Finance and the other is the former Leader of the Opposition – are both technical people; are we going to make progress?

I thought that we could take from what the Prime Minister had said, and you guided well, and then make a decision. By the way, this monster called “excess”, is it defined in any of the provisions? If it is defined, can’t that be able to help us? Are we now baptizing or re-baptising - was the expenditure excess or was it borrowing?

Mr Speaker, you guided and the Prime Minister owned up that if somehow there was an omission, they take responsibility. This House would be able to take a decision on that matter and we move on. We do not get the Government many times coming up to say that there was something not right. However, are we saying that this money was given to an individual? Are we saying that somebody got this money and “ate” it? The chairperson of the committee said that it was an error but not fraud. I posed the question as to whether it was an error or fraud and we got the answer.

Mr Chairman, I know that you are not constrained because the Speaker will not get constrained as we are, but the dilemma is that we are passionate about this matter. We have discovered that there was an error, apparent on the face of it; so how do we deal with that?

**THE DEPUTY SPEAKER:** Honourable members, this is what is going to happen, and I will take full responsibility for it - The moment has come for the Speaker to take this decision and he is going to take it head-on. *(Laughter)*

Of the money that was borrowed, Shs 475 billion was already appropriated and Shs 200 billion was not; so, it is a subject of a supplementary appropriation by this House, if this House decides to approve that. By order of the Speaker, the Shs 200 billion which was not authorised by Parliament for expenditure, in other words was not appropriated, shall be contained in the Supplementary Appropriation Bill, which shall be drafted and brought before this House and then the committee can come back here and tell us what has happened.

So, the figure of Shs 200 billion should go in the Supplementary Appropriation Bill to enable the committee look at it, come back here and advise the House on how to proceed with it. If it should be excluded so that it becomes excess expenditure, that will be another matter. If the House should say we treat it as a supplementary expenditure, then we close the financial year and move on with the rest of the Bill.

On the issue of the borrowing, which of course we all know was done improperly *–(Laughter)–* I wanted to use the word “impunity” but that again is too criminal for the Speaker to say. But of course everything indicates that when you do something in spite of the law, it is called impunity. They say that there are three kinds of violations: one is in ignorance, one is in error and the other is in total disregard. Now, this one was in total disregard of the law. So, let us close the financial year through these processes and we will have the opportunity to deal with the questions of the borrowing at an appropriate time.

On that note, therefore, we can take a decision on what the committee has recommended. The committee has recommended that they are constrained to recommend an approval. So, should we also say that at this moment because of the operations, we still cannot take the decision? We wait for an appropriate time to take this decision; otherwise, the House will also say at this material time we are also constrained, we cannot take that decision. Is that okay?

I put the question to the adoption of the motion on the report of the committee on the motion for a resolution of Parliament seeking authority to borrow Shs 675 billion for the domestic market to finance supplementary expenditure and revenue shortfall for financial year 2013/2014. I now put the question that the report and its recommendation be adopted.

*(Question put and agreed to.)*

*Report adopted*

BILLS

SECOND READING

THE EXCISE DUTY BILL, 2013

**THE SPEAKER:** Honourable members, this Bill was already here, so can I call the chairperson.

**MR NANDALA-MAFABI:** Mr Speaker, you are saying that we need to pass the budget very quickly and that is why we are all interested. That is why one of the most important things is the report of the committee and the tax proposals the Minister of Finance made. It is in this regard that I want to say that the Excise Duty Bill is a Bill, which repeals the East African Excise Duty Management Act; it is not something urgent for us. What is urgent for us are the amendment laws, the tax measures that is, VAT, Excise Tariff Bill, Stamp Duty Bill, Income Tax Bill and the like, but not this one of 2013.

I want to know whether it is procedurally right to continue with a Bill, which we can deal with when we have the time, and not handle the tax disposal amendment Bills.

**THE DEPUTY SPEAKER**: I think that is proper. Can we hear from the chairperson, because you have financial bills that have to do with this budget.

**MR KASULE SSEBUNYA:** Mr Speaker, we have handled the two bills concurrently and one has amended the other. In the report I am going to read, it shall be in black and white; we shall see it evidently with this report. I beg to move.

**THE DEPUTY SPEAKER:** The proposal is that we deal with the Finance (Amendment) Bill, the Stamp Duty Bill, the Value Added Tax Bill before we go into those others. What do you say to that, Mr Chairman?

**MR KASULE SSEBUNYA:** Because he is my member, let us begin with the Finance Bill and then we shall end with the Excise Management Bill.

**MR EKANYA:** Excuse me, Mr Speaker, but I had a minority report; how is it going to be handled?

**THE DEPUTY SPEAKER:** He will announce it. Did you submit it to the chairperson? If it was presented, you know the procedure. You are a ranked member of the House.

BILLS

SECOND READING

THE FINANCE (AMENDMENT) BILL, 2014

5.10

**THE CHAIRPERSON, COMMITTEE ON FINANCE (Mr Robert Kasule Ssebunya):** Thank you, Mr Speaker and honourable members. In accordance with rule 118 of the Rules of Procedure of Parliament, permit me to present to you a report of the Committee on Finance on the Finance Bill 2014 –

**THE DEPUTY SPEAKER:** Is it the Finance Bill or the Finance (Amendment) Bill, 2014?

**MR KASULE SSEBUNYA:** It is the Finance (Amendment) Bill, 2014. The object of the Bill is to amend the Uganda Communications Commission Act to enable the commission to remit half of the levy on annual revenue of operators to the Consolidated Fund; and further provide for sharing of the balance of the levy between information and communication technology development and rural communications in a ratio of one to one; to revise the non-tax revenue collected under the Mining Act and the Immigration Control Act; to provide for the tariff treatment of goods from COMESA; to increase the environmental levy on used clothing, shoes and other articles; to charge a levy on unprocessed tobacco leaf consigned out of Uganda; to provide for payment of informers of recovery of tax or duty; to provide for remission of government arrears of taxes; and to repeal fees chargeable for the sale of hydrocarbon potential data under the Petroleum (Exploration, Development and Production) Act, 2013.

Committee Observations

Levy Charged on the Operators of the Uganda Communications Commission

Section 68 of the UCC Act gives the commission power to levy a charge on the gross annual revenue of operators licensed under the Act. The rate of the levy shall not be less than 2 per cent and not exceed 2.5 per cent. Clause 2 now seeks to introduce a subsection, which mandates the commission to remit half of the levy charged on the Consolidated Fund and leave the balance to be shared between information and communication technology development and rural communications in a ratio of one to one.

The committee met with the Minister for ICT as well as the Committee on ICT who made a case for the maintenance of the status quo. Their submissions are hereto attached for further ease of reference. The committee examined this issue in detail and makes the following observations:

1. Uganda Communications Commission has no board as stipulated in the Act at present. This reflects serious loopholes in the governance structure of the commission.

2. The ministry of ICT has no strategic plan to aid the proper planning of the entire sector.

3. Submissions for the retention have not been backed by statistical evidence of what has been done so far with the two per cent collected as per last year.

4. Planning and budgeting is a participatory process. Parliament, therefore, should be able to see this sharing allocation. This can only be done if it appropriates this money based on planned activities by the ICT sector.

5. Government needs revenue to finance other sectors, which support effective ICT development in the country; for example, computers will be of no use to schools if such schools cannot access power.

 The committee, therefore, recommends that the proposed clause 2 be passed.

In conclusion, Mr Speaker and honourable members, the committee scrutinised the Bill and agreed that the proposals in the Bill will widen the tax base and increase Uganda’s tax ratio that has stagnated at 13 per cent for over a decade, worsened by the fact that a tax revenue shortfall of Shs 504 billion was realised in the last financial year.

The committee recommends that the Bill be read for the second time and do pass. I beg to report.

**THE DEPUTY SPEAKER:** Thank you very much, honourable chairperson. You did not indicate that there was a minority report on this issue.

**MR SSEBUNYA:** Mr Speaker, as we deliberated on the report, hon. Ekanya, the shadow finance minister, raised an issue on that very clause we commented on. We disagreed in the committee and now he proposes a minority report.

5.17

**THE SHADOW MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Geofrey Ekanya):** Thank you very much, Mr Speaker, and I want to thank the chairperson.

Mr Speaker and members, I have a minority report on the Finance Bill, 2014.

**THE DEPUTY SPEAKER:** The Finance (Amendment) Bill.

**MR EKANYA:** Thank you very much, Mr Speaker- a minority report on the Finance (Amendment) Bill.

In accordance with rule 194 of our Rules of Procedure, I hereby present a minority report.

Unlike the majority of the members of the Committee on Finance, Planning and Economic Development who agreed with the minister to charge a two per cent levy on the gross annual revenue of operators licensed under section 68 of the Uganda Communications Act in clause 1, I oppose this.

Justification

The Uganda Communications Commission is self-accounting and the information, communication and technology sector is a strategic sector for economic growth and development of Uganda.

In addition, this levy is not a tax because the Uganda Communications Commission and the information technology sectors already pay VAT, income tax and all other taxes. This levy is used for the expansion of services; for example, revenue from the two per cent levy is used to install masts in regions like Karamoja and Kisoro where the companies cannot invest because it would not make profit and economic sense. If this is taken away, who will do this?

Also, in the National Budget Framework Paper 2014 to 2019, there is no indication that the ICT sector would receive any additional funding. I would like to invite honourable colleagues to look at this because this is the medium term expenditure framework up to 2019; it does not indicate that the sector will receive any additional funding.

As Uganda is a landlocked country or land linked, both private and government schools need computers. These computers must be maintained and computer software needs to be updated regularly. Also, computers must be supplied to hospitals for keeping patients’ records and to do research. In addition to this, teachers must be trained to use computers and these teachers also have to teach the pupils and students computer software programs.

This same funding is used for digital migration. Before digital migration is done, the governance issue in some institutions must be sorted out. The Auditor-General’s report indicates that resources get lost in institutions.

Therefore, in a nutshell, this resource is very important for deepening the ICT sector. I therefore beg that the sector should retain the two per cent. What Parliament and all of us need to do is to maintain oversight but if we send it to the Consolidated Fund, first of all it violates the Constitution because this is a self-accounting body and two, the sector will suffer seriously and yet we are a land linked country. I beg to move.

**THE DEPUTY SPEAKER:** Thank you, honourable members. The motion is that the Bill entitled the Finance (Amendment) Bill, 2014 be read the second time. That is the motion I am proposing for your debate. Debate on the principles of the Bill - is it something that we can do? We should know that it is one of the financial Bills that we have to handle to finance the budget. So the principles are for debate now. Debate starts now.

Are you a member of the committee?

5.21

**MR JAMES KABAJO (NRM, Kiboga County East, Kiboga):** I am the vice-chairperson of the ICT committee.

**THE DEPUTY SPEAKER:** Okay, please proceed.

**MR KABAJO:** Thank you very much, Mr Speaker. I find the argument, which is advanced by the finance committee for the amendment which affects the ICT sector - taking away half of the two per cent levy on account of UCC having no board - to be a very poor argument. I think the best way to go about that is to actually appoint a board. One cannot argue, for example, that the food that is available to a child should be taken away because the child does not have a mother. Maybe if the mother has died, we should put the child under foster care or something like that but not take away what is available.

The other argument is that there is no statistical evidence of what has been done with the two per cent collected so far. Mr Speaker and members, the law which set up the two per cent has just been passed. Even the regulations to implement that law have not yet been tabled in Parliament. This means that you are actually saying that you are taking away the two per cent because there is no evidence of how it has been utilised, when in fact there has been no opportunity for the two per cent to be implemented because the regulations to implement the UCC Act 2013 have not yet been tabled in the House *– (Interjections) –* I will get your information, but let me finish my argument.

Mr Speaker and honourable members, there is another issue. The levy, as hon. Ekanya has pointed out, is not a tax; it is something that has been agreed on internationally by all countries. So, it is not just Uganda; all countries have agreed that in order to develop the ICT sector, the operators should contribute a certain levy. It is the percentage of the levy which one can argue about - whether it should be one per cent, two per cent or three.

In various countries, they fix the figures differently but basically, the operators agree to give that levy because they know that when the sector is developed, eventually the benefit will go back to them in terms of higher revenues. When the sector invests in infrastructure for ICT, for example, eventually those telephone users and computer users will pay revenue in form of user fees to the telephone companies and all the others. So they share the benefits.

Mr Speaker, when you take away that levy and place it in the Consolidated Fund yet it is a levy established under an international agreement, we run the risk of the operators going to court to challenge this as double taxation because they pay the normal taxes *–(Interruption)*

**MR KAKOOZA:** Thank you, honourable member, for giving way. I am a member of the committee and the strong reason why we objected to that two per cent staying with the Uganda Communications Commission was because we passed the law in 2012 and yet they do not have a board up to now. They have been collecting money, which is unspent.

Secondly, if we allow non-taxable revenue to remain in the ministry, you the Members of Parliament will lose control over that money. We have a body which collects that revenue and submits it to the Consolidated Fund and it cuts across. Imagine now if you went to URA, people cannot pay taxes because of the electronic gadgets being used. For the last two years now, there has not been evaluation of performance and yet these people have the money.

We found out that even the Shs 80 billion on the fixed deposit account was idly hanging there and people are accruing interest on that money. That is why we took a decision to have the unspent monies taken back to the Consolidated Fund so that for macroeconomic planning, it can be appropriated by this House to any other ministry. The moment you –

**THE DEPUTY SPEAKER:** Are you still giving information?

**MR KAKOOZA:** Yes, I am giving information because you were saying that the committee had no good reason. That is why we objected and decided to have all the non-taxable revenues put in the Consolidated Fund –*(Interruption)*

**MR KABAJO:** Honourable member, you will get your opportunity to argue; I think you have gone beyond giving information.

Mr Speaker, the issue we have at the moment is that the Shs 8 billion he is talking about was a provision for tax. When UCC went to court with URA, there was a certain tax that URA wanted UCC to pay. In order for *–(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, he is raising the issue of URA taxes being on an account. If the tax is Shs 80 billion, it means 30 per cent of it – the gross has to be divided by 30 and multiplied with 100, which comes to over Shs 250 billion.

The procedural issue I am raising is that the member should concentrate on the arguments for and against. Bringing URA into the argument is making a big error because he is going to be disproved. Is it procedurally right for a member to come and lie to us that they had kept Shs 80 billion for taxes when the gross turnover of UCC is not over Shs 250 billion?

**THE DEPUTY SPEAKER:** Honourable members, those are factual things; whether they are true of false, whether you are correct or not I am not able to rule on that.

**MR KABAJO:** Thank you, Mr Speaker. The Shs 80 billion was a provision. They are now in court with URA and in case URA wins then they will pay the tax.

The other argument, which I gave when we presented the ICT report and as hon. Ekanya also pointed out, is that the budget framework paper shows that there is no provision for financing the ICT sector. From the Consolidated Fund, only Shs 0.1 per cent is given to the ICT sector and even the little that has been given, you now want to take it away.

I see that we are going to have a problem because we are not providing funding to a sector which contributes six per cent to the GDP of this country and contributes more than a million jobs for Ugandans. Instead, we want to take way the little which is available *– (Interruption)*

**MR TIM LWANGA:** Thank you, honourable member, for giving way. When funds are channelled through the Consolidated Fund, it does not mean that those funds will not be financing priorities of the nation. If this money, instead of being spent through a board of UCC is spent through the Consolidated Fund, it implies that we will appropriate that money according to the priorities of government.

**MR KABAJO:** Mr Speaker, my argument was that this is a levy agreed to internationally and if we pass this Finance Bill as it is, we run the risk of having the sector going to court on the basis of double taxation. That is all I will contribute and I ask other members of the ICT committee to also contribute on this matter.

**THE DEPUTY SPEAKER:** Honourable members, it looks like there is some technical issue, which we need to resolve. We are under the impression that the title of the Bill is the Finance (Amendment) Bill; that is what is on the Order Paper. However, the Bill itself is the Finance Bill of 2014 and that Finance Bill is also amending the Finance Act of 2009. So when we pass it, it will also be the Finance Act when there is another Finance Act. Is it because we have shortage of names that we should have two Bills with the same name only separated by years?

I used to do this job of drafting but now, if you are saying the Finance Bill is amending the Finance Act and it is not a Finance (Amendment) Bill, it becomes a bit confusing in terms of how it will fit within the framework of the existing legislation. I think this point needs to be clarified before we move on. I wish the Attorney-General was here to help us with this.

**MR NANDALA-MAFABI**: Mr Speaker, what you are raising is a fundamental issue. One of the issues that we dealt with when the minister was laying her Bills here was that she should bring the Finance (Amendment) Bill of 2014. However, we do not know what happened because she never brought that Bill. We instead got the Finance Bill and that is where we get into a dilemma. Even as we talk, what is before us is the Finance Bill; so, which one is this we are working on?

Yes, you are right to raise that issue. I do not know whether the minister can correct this now because somehow she was asked to bring the Finance (Amendment) Bill.

**MR SSEBUNYA:** Mr Speaker, as hon. Nandala-Mafabi said, we questioned the title but as a committee, we dealt with the Bill that was given to us and that was the Finance Bill, which we can amend here on the Floor to be the Finance (Amendment) Bill –*(Interjections)*– Yes, because it is a title that we can amend on the Floor. As for the content, we are amending the Finance Act.

**MR KATUNTU:** Thank you, Mr Speaker. First of all, I am surprised that the chairperson of the committee is saying that this very point was considered by the committee yet the committee report is silent about it. I do not know how they considered it. However, either way, we cannot have two laws with the same name; you can’t have that. My view is that the minister should take advantage of the Speaker’s comments to do the necessary corrective measures other than indulging us in that sort of debate.

**THE DEPUTY SPEAKER:** Now, when you look at the memorandum to the Bill, you realise that it is even more confusing because there is the Finance Act of 2013, then the Finance Act of 2009 –

**MR EKANYA:** Mr Speaker, while in the committee, we agreed that the chairperson and the minister would sit and before the report is tabled, the minister would withdraw the other one that was tabled here in error. I do not know why the chairperson and the minister have not done that.

**THE DEPUTY SPEAKER:** Which one are we handling now?

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mrs Maria Kiwanuka):** Thank you, Mr Speaker. The Bill is the Finance Bill, 2014 and so it is different from the one of 2013, 2009 or any other year. I beg to move.

**THE DEPUTY SPEAKER:** So, when we come to revise and consolidate the laws, how will we be calling them? Shall we call them by the years?

**MR SSEBUNYA:** Mr Speaker, I think every year the Minister of Finance tables a Finance Bill, which we had recommended should be called the Finance (Amendment) Bill. However, since we table these Bills every year, then the Bills can be differentiated by their years.

**MR TIM LWANGA:** Mr Speaker, every year there is a Finance Bill and when we pass it, it becomes an Act of Parliament. In the following year, there will be another Finance Bill that will consequently amend the Act of the previous year and it continues like that.

**MR KAKOOZA:** Mr Chairman, I recall in 2002 while I was in this House, they used to bring the entire Finance Bill with the schedules and everything. This Parliament then recommended that since we were wasting a lot of money to make that big volume, it was necessary to just table the amendment of that Act each year as tax measures that you want collected. That is why the title for this Bill every year remains.

Once you want to correct the schedule, you amend the main law. So, this is the Finance Bill of 2014, which is amending the main law because every year there is a tax collection measure in that main law. That is also why this Finance Bill is reading 2014.

**MR NANDALA-MAFABI:** Mr Speaker, we should not continue making errors. We should accept these errors and stop committing more errors. You said it was a voluminous law and that a small one should be brought to amend some sections in the big one; so, it is an amendment to the main law.

Mr Speaker, Finance should not be rigid. It should be the Finance (Amendment) Bill because it amends the Finance Act. Whichever way, the fact remains that very year it is amended. If you say it is the Finance Bill, it means that when you get a prudent taxpayer – Let me talk as a consultant now. Let us now assume this is the Finance Act. If you bring in some amendments that were not meant for 2011 or 2010 and you impose them on me, I will tell you this is no longer a law because the current is the Finance Act, 2014. I am talking like a consultant. So, it should be tabled as the Finance (Amendment) Bill. Madam Minister, this is a simple statement; just come and make it so we can move on.

**THE DEPUTY SPEAKER:** You see, a comparison is being made with the Appropriation Bill. The Appropriation Bill expires at the end of the financial year; so, it is not there and that is why each year you have to do another Appropriation Bill. The Supplementary Appropriation Bill closes that one; it is not law anymore. However, this particular law is amending another Finance Act; it is a Finance Bill amending a Finance Act. Maybe it is just the practice, which will –

**MR KATUNTU:** Mr Speaker, I did not want to be involved in this debate because it a little bit technical and I always do not want to argue on technical issues with colleagues who are in other professions. However, if you put this in plain English, this is how you will understand it: If you are amending some other law, this particular law which you have brought, just on reading it, should be able to tell that it is amending a previous law. That is why they use the word “amendment.” The Finance (Amendment) Bill, for example, means that it touches a previous law. If you make this plain and you just have the Finance Act, there is nothing that relates to even the law you are seeking to amend.

Honourable Minister of Finance, I think it is very unfortunate that you are consulting people who only know 1,2,3,4,5 about these issues; you should have consulted on your left and you would have got better advice from the other side than this other side. Why don’t you just bring the corrective measure and you amend the thing and we proceed. Don’t indulge in this debate because it is unnecessary.

**THE DEPUTY SPEAKER:** Maybe you should first hear from the Attorney-General.

**MS KIWANUKA:** Thank you, Mr Speaker. I want to take the honourable member’s advice and consult the honourable member on my right.

**THE MINISTER OF STATE FOR JUSTICE AND CONSTITUTIONAL AFFAIRS AND DEPUTY ATTORNEY-GENERAL (Mr Fred Ruhindi):** Mr Speaker, sorry I had just stepped out – *(Interruption)*

**MR NGANDA:** Mr Speaker, I did not want to interrupt the Attorney-General as he gives that advice, but I would like to raise a procedural issue. We actually thought we had a Cabinet where these things go through - I hear they meet every Wednesday - before they are brought to Parliament, and the learned Attorney-General is a member of that Cabinet.

So, I would like to find out whether the learned Attorney-General is no longer a member of Cabinet or whether we no longer have a Cabinet. In that case, we would not be proceeding well if we do not have a Cabinet but individuals who come here and begin consulting on matters they should have concluded in another meeting. Are we, therefore, procedurally right to constitute a Cabinet in this Parliament and it begins consulting instead of allowing this same Cabinet to consult and come back when they are one?

**THE DEPUTY SPEAKER:** I could guide on that if I had heard what the Attorney-General had said but he had not said it.

**MR RUHINDI:** Thank you very much, Mr Speaker, for guiding on the need for patience in this House. In our field of drafting - I am happy the shadow Attorney-General and yourself have gone through that place - if there are errors, you can go back to the drawing board and have them put right.

This is a practice that has been on year in, year out. The idea is that maybe the distinguishing factor would be the year because every year comes with a budget. Every year comes with tax measures or revenue measures of any nature. Normally, these revenue measures touch on many laws. I will be very reluctant to call them measures of a temporary nature because law cannot be of temporary nature. It can even subsist for a long time.

The implication, however, is that every year there is a Finance Bill. For the 10 years I was in the office of the First Parliamentary Council, every year had a Finance Act relating to the budgetary measures. If this practice has to change, we may have to go back and see how best we can handle it but to say it has not been the practice, it has and it relates to every year.

There is a Bill here on financial matters, for example; it is called the Public Finance Act but every year we have had Finance Acts and I say this with all the authority I can master. If there is any error in that, we can go back and see how best we can handle it.

**THE DEPUTY SPEAKER:** Honourable Attorney-General, my question was, if this particular Bill, which is the Finance Bill, is amending a Finance Act, is it still a Finance Bill? This one is amending the Finance Act of 2013 and that of 2009; it is amending the previous Finance Bill. So, what does it mean to ordinary people who may not have been in the First Parliamentary Council or Ministry of Finance? What does it mean to amend a law and still call the amendment law another law of the same name?

**MR SSEBUNYA:** Mr Speaker, when you read the Finance Bill that we have now, that Bill is even amending the Mining Act. So, this Finance Bill does not only amend the Finance Act, it amends a multiple number of Acts where Government wants to get revenue like the Mining Act that we have, and we are amending those levies.

**THE DEPUTY SPEAKER:** Can we leave this subject and proceed; if necessary, we will deal with the title later.

**MR NANDALA-MAFABI:** It is true, I have been around; I came around the same time with the Attorney-General in 2001. When we came in, every year the Ministry of Finance used to bring a whole big book with the amendments they were going to make, and that is why it was called the Finance Act of that year. Eventually, Parliament decided that instead of bringing the entire book – What would happen was that MPs would be confused and they would not know what they are amending or what they are looking at because the book would have all the agency codes. It was a huge book like this, which you could only carry on the head.

It was then resolved that every year, we bring a Bill which amends that particular issue in that big book. That is why if the Attorney-General has been maintaining the name, it should have been the Finance (Amendment) Bill because you are amending that big book. There are some parts that you leaving as they are and there are those you are varying. So, it does not matter whether you are amending the Mining Act or UCC or whatever but so long as it comes in that portion.

Basically, the Finance Bill also deals with issues of non-tax revenue. My brother was quarrelling that the two per cent is not a tax, but it is called a levy and it is non-tax revenue and the one who pays it is me and you. If I call the Speaker, they charge me two per cent on that call in addition to other taxes and that is what goes to UCC. The book that deals with that is the Finance Act and what we are amending is the Finance Act. So, it should be the Finance (Amendment) Bill.

**MR RUHINDI:** Mr Speaker, it is interesting that we cannot actually discuss this in detail and finish it today. Let me give you a scenario and see if we do not come to the same thing. This year you have the Finance (Amendment) Bill, next year you are likely to have the Finance (Amendment) Bill No. 2, but if you maintain the name Finance (Amendment) Bill, you will still have a Finance (Amendment) Bill next year and you will still have a Finance (Amendment) Bill the other year; in other words, you will come back to the same generic expression.

I think the distinguishing factor should be the year for that particular financial year - that particular financial year, we have this financial law which governs the regulation of revenue *– (Interjections) -* let me finish *– (Interjections) -* I take long?

**MR KARUHANGA:** Mr Speaker, indeed one would wonder why we have to spend so much time on this very particular title. I thought that the Attorney-General would actually, in a very precise time, agree that the idea that the Speaker was guiding us on was for purposes of clarification on the law, so that we proceed and amend the mother Act.

When you read the Bill, you obviously know that you are amending another Act. I know and I feel for our Speaker who has felt these issues and feels quite frustrated that the Attorney-General is not agreeing with what we should have summarised in very few minutes. So, why don’t we agree that indeed this is a Finance (Amendment) Bill, whether you want to call it No.1, No.2 or No.20 or the year, – is it so difficult - and then we move on to the substance?

**MR RUHINDI:** Mr Speaker, maybe we are wasting a lot of time because I have actually never taken fancy in names, and Shakespeare put it very well - *“What is in a name? A rose by whatever name called…”* –

**THE DEPUTY SPEAKER:** There is a point of procedure.

**MS ALASO:** Mr Speaker, I seek your direction. The matter we are discussing has to do with the title of this Bill and we are figuring out whether it should have the word “amendment” or whatever. I think the ultimate objective of this particular discussion is to either retain or change the title of that Bill.

In our Rules of Procedure, if you look at Bills in committee stage, rule 123 (20), it says, *“If any amendment to the title of the Bill is made necessary by an amendment to the Bill, it shall be made at the conclusion of the proceedings detailed above, but no question shall be put to that title (as amended) stand part of the Bill or shall any question be put upon the enacting formula”.* I was just wondering, now that we are discussing amending the title, arising from the context here, isn’t it okay that we keep it up to the end, after all we know what we are actually doing?

Secondly, there is that question that you normally put – I do not know whether it is a question or a statement – “A Bill for something for something” and then we clap. It is there that this dilemma will be addressed. You will be telling us a Bill for an Act called - That is where we shall address this dilemma. So, wouldn’t it be procedurally okay, now that we know there are technical people in the House who know what to do with this dilemma, for us not to just go into a generalised debate but continue with the content of the Bill, which the rest of us are comfortable with? You people who know the drafting and whatever, will then come to us at the end of this whole thing with a formulation that reflects the fact that anybody looking at this piece of legislation after the final question that you have put will know that this is amending the Finance Act.

Would it be okay if we continued the other way to deal with the contents and then the experts help us with that formulation at the end of this whole discussion?

**THE DEPUTY SPEAKER:** That certainly is the correct procedure, but the only problem is that on the Order Paper, it is the Finance (Amendment) Bill and the *Gazette* Bill that members are responding to is the Finance Bill.

The Shadow Minister for Finance was speaking to a minority report on the Finance Bill and we said no, it is the Finance (Amendment) Bill. So, the name is confusing us even at this stage. Which Bill are we dealing with because even the Order Paper says something else? The Bill is saying something else and everybody else is saying something else. That is how it came about.

Ordinarily, the title of the Bill is the last question that I put as Speaker before we go for the third reading of the Bill, but you can see that it is as confusing as it is looking to many people. *(Laughter)* Let me just say this; I have Acts of 2003, for example the Public Procurement and Disposal of Public Assets Act 2003 - this is an Act. That is because these laws have not been revised, but if it was a law that was made in 1999, it would not have the year. Do you get my point? It would now be the Public Procurement and Disposal of Public Assets Act, Chapter 43 or something like that. So, now you will not be able to distinguish it by year.

For these several Finance Acts, I want to look at the revised law and see how they have captured them - whether by year or they have just listed a series of Finance Acts with whatever cap but called them the Finance Act, after the revised edition. We have the revised edition of 2000 where everything was consolidated. So, that is the confusing bit for me; how do you capture it when you are now doing the revised editions of the law – consolidating the law into chapters? That is why this debate was there.

As of now, however, let us go back to the debate on the principles of the Bill. If there are no further debates on the principles of the Bill, I can put the question for second reading and then we go to committee stage and we handle those details at committee stage.

6.02

**MS ALICE ALASO (FDC, Woman Representative, Serere):** Thank you very much, Mr Speaker. I am trying to appreciate the proposal of the minister and the committee in shifting this levy, which would form part of the NTR of this sector, and making it as one of the sources of revenue. My problem is the justification that the committee gave. The committee said it was because there is a governance failure.

Mr Speaker, if it were enough to use a governance failure for withdrawing money from an entity, I want to think that there would be hundreds of entities that should have closed by now and have no NTR. Kyambogo University, for example, should have closed; you should have withdrawn. So, I find this justification very inadequate.

Coming from the natural resources committee, I stand to be refreshed but there is what they call an environmental levy for the National Environment Management Authority (NEMA). That levy is taken to the Consolidated Fund and for all these years, NEMA has been crying that if only they had that levy as NTR at source, perhaps they would be able to address the environmental challenges they have in this country. There is persistent shortage of funding in NEMA, the environmental levy notwithstanding. So aren’t we being retrogressive if we are going to have agencies that have a critical mandate like this one and we withdraw the only source of funding that allows them to expand their activities?

Mr Speaker, I find it very disturbing that the same ministry, the same Cabinet, that has the mandate to propose a board for the Uganda Communications Commission can come here and wish that we support them in admitting their failure. You should even be embarrassed that you people in the Executive have failed to give the UCC a board. Now you want all of us to escort you in your failure, that we feel good that because you failed in your role - We passed the law, the law provided for the board and there is a minister in charge. You know, all those laws have something that says, “The minister to mean...” So, there is a minister in charge and then you come here to bring your failures and you want to put it on the entire Parliament.

The governance failure in the Uganda Communications Commission is your own failure *–(Mr Kasule rose\_)* - Mr Chairman, wait; you will respond to all these issues. It is your own failure and I think that it is an anomaly to come here. The disease is governance failure and the cure you are proposing is to remove the levy; then what? When you remove the levy, does it become a board? The removal of the levy will not govern the Uganda Communications Commission. So, Mr Speaker, I find it very difficult to support this argument.

Lastly, I met a man and I think he was bordering on being a comedian but maybe he was serious. First, he said that one of President Yoweri Museveni’s big achievements is bringing telephone handsets to Uganda. Of course, as I listened to him, he also went ahead and said that the NRM’s other achievement was that they brought the total eclipse to West Nile. *(Laughter)* These are the achievements he boasts about. There are areas in this country where these masts are not available and you cannot pick any signal. We were hoping that this would be extended to the lakeshores of Kyoga where I come from, that probably, one day the Uganda Communications Commission will extend these services closer to the people. Now you want to withdraw and expect my support. I think that this is not very helpful. So, let me understand how removing the levy will cure the governance issue. Thank you.

6.06

**MR IBRAHIM SEMUJJU NGANDA (FDC, Kyadondo County East, Wakiso):** Thank you very much, Mr Speaker. I rise to support the minority report.

I think the Ministry of Finance has a very big appetite for money and this Parliament must immunise them against that appetite. We have been debating the Road Fund almost since we started the consideration of the policy statement and asking, can we operationalize it, but they do not want to. Hon. Alice Alaso has also just spoken about the energy fund.

I think this is deliberate because if you are talking about withdrawing this kind of funding from areas where there are problems - I actually do not think finance does not have them. Remember the story of the NSSF; I had not joined this Parliament but the impression was given here that when you remove it from gender and take it to finance, the problems will cease. But you can now understand now that you are before a committee explaining yourself. This money that is collected is never money for the Ministry of Finance. If you think there are specific officials in finance that you want to deploy in other sectors, go and deploy them; but every time there is a problem, the first solution you bring is taking the money back as if the money is yours.

I have inspected some of the projects done by the Rural Communication Fund including supply of computers to government secondary schools. I think if there are problems, we must solve the problems but not withdraw money and then next year you tell us that this money has been reallocated like monies meant for other agencies. Also, if someone asked me whether finance should be the destination for money where there are governance issues, I think I will be the last person to say that money should go there. *(Interruption)*

**MR SSEBUNYA:** I want us to be mindful of this levy. This levy was one per cent and last year we increased it to two per cent. The Ministry of Finance has found out that there are absorption problems; they have seen money on fixed deposit accounts.

This clause we are proposing would enable us to operationalize this, to the extent that it would not only be UCC that uses this money because it cannot absorb all of it. We want NITA-U as an institution to share in this one per cent. This one per cent is equivalent to Shs 20 billion. So, if we agree that this commission has this money, we are going to have gods in charge of this money, who will even bribe the auditors because they have too much money that they cannot spend. That is my information.

**MR SEMUJJU**: That cannot be the solution. The report you presented this morning shows that we have borrowed money as a country and we still have on account US$ 2 billion that is not utilised. This is not even money that is collected but money that is borrowed.

What I expected the Committee on Finance to propose is to grow and actually eventually disengage the Rural Communication Fund from the Uganda Communications Commission and then have it as an entity that can absorb this money. First of all, the work of planning is a function of the Ministry of Finance. If you cannot help agencies to plan and they have money redundant on their accounts, then why do you have the National Planning Authority, because this is not the only agency where money remains on the account *–(Mr Kakooza rose\_)*– I do not want information; you will have your time to give information.

**MR KAKOOZA:** Point of Order

**THE DEPUTY SPEAKER:** From information to order? Please, proceed.

**MR SEMUJJU**: Mr Speaker, I support the proposal in the minority report that we do not transfer this levy from the Uganda Communications Commission. If anything, the proposal should be to grow the Rural Communications Fund into an agency and have people responsible for planning. If you are delivering computers, for example, the assumption now is that all secondary schools have those computers. *(Interruption)*

**MR TIM LWANGA:** Thank you, hon. Ssemujju, for giving way. As I mentioned earlier, when money is put in the Consolidated Fund, Parliament has an opportunity to allocate that money according to priorities, and you are talking about those priorities. You cannot reallocate to priorities before you have the money.

**MR SEMUJJU:** I want to thank hon. Tim Lwanga for that information. He has actually helped my point; when you actually take it, do not cry next year when it is reallocated and has done something else. I thank you, Mr Speaker.

6.12

**MR ABDU KATUNTU (FDC, Bugweri County, Iganga):** Thank you very much, Mr Speaker. If I had the opportunity, by law I would legislate that most of these institutions that collect non-tax revenues should retain them at source.

I will give you an example of an institution, which falls under the legal and parliamentary affairs committee, and that is the Uganda Registration Services Bureau. It had a target to collect close to Shs 40 billion and what they needed was Shs 2 billion this financial year. Finance gave them an MTEF ceiling where they could not raise that Shs 2 billion and as we speak, there is a judgement against the Uganda Registration Services Bureau for non-payment of rent. Last year, they collected Shs 25 billion but they cannot even pay their own rent.

The money is with Ministry of Finance and they give only one standard answer - the MTEF we have given determines your priorities. This is including money, which would assist these institutions to raise more revenue for Government and to implement their mandate. So anybody who is sympathetic to a situation in which these institutions are working hard, collecting a lot of revenue and hon. Maria Kiwanuka is saying no, bring that money, then you give them a ceiling where they cannot even do what they are supposed to do - *(Interruption)* – I will take the information.

**MR LUGOLOOBI:** Thank you so much for giving way. Mr Speaker, not every institution of Government is capable of generating Non-Tax Revenue (NTR). All these institutions that have no capacity to raise NTR, like the Parliamentary Commission, depend on revenue raised from other institutions. How else is Government going to be able to fund these other entities that are not able to raise NTR if we are to allow these institutions that collect NTR to retain their NTR?

A case in point is here where we are saying that out of the two per cent, let the one per cent be retained by UCC in the sector because they have demonstrated that they do not have the capacity to absorb even the one per cent. So, let the one per cent go to the centre so that it can be allotted to other priorities including the Parliamentary Commission. What is wrong with that?

**MR KATUNTU:** I thought you were giving me new information. If I knew you were going to say what you have said, I do not know whether I would have given way. I hope I will not be a victim again –*(Laughter)*

**MR KARUHANGA:** This is good information. Thank you, honourable, for giving way. Mr Speaker, the Public Accounts Committee audits our embassies and the NTR in the embassies certainly is brought to the Consolidated Fund. However, if you would visit them, some embassies especially those on the African continent are really in very difficult and sorry states.

You give an example of the Parliamentary Commission but it is as if we do not pay taxes. So the information I want to give the honourable member is that in addition to paying taxes, we have seen this money being taken to finance and never returned while other bodies of Government are suffering terribly. So the money should remain with UCC.

**MR KATUNTU:** Mr Speaker, I listened to the chairperson of the committee and he did not give any convincing reason or explanation as to why UCC does not have the absorption capacity. The only reason he gave is that there is money lying on the account. If UCC is not doing its work, do you want to tell us that as of now, there is no need for the services it is rendering to utilise that money? *(Interruption)* Can this be the last?

**MR SSEBUNYA:** The last piece of information I want to give is that they talked about masts and computers, but you can supply a few masts. They did not give us evidence to show that they built these masts. They are just camouflaging. They say we are building in Kisoro but where in Kisoro? Which mast in particular? It must have a name.

**MR KATUNTU:** I have been a victim again. Let me say that this was the responsibility of the committee. If UCC is saying that it has been building masts, you should have asked where they were and they would have taken you to where the masts are. You did not do your job - *(Interruption)*

**MR NANDALA-MAFABI:** Mr Speaker, I want to thank hon. Katuntu for giving way. The problem is that we have not got the exact figures, and I am happy that the chairman of COSASE is here. The information I want to give is that every year-

Maybe I could start by giving you figures so that you understand. In 2008, there was Shs 11 billion; in 2009 there was Shs 32 billion; in 2010 there was Shs 53 billion; in 2011 there was Shs 56 billion; in 2012 there was Shs 74 billion; in 2013 there was Shs 44 billion, in addition to a fixed deposit of Shs 80 billion and investment of Shs 30 billion. Tradables, that is, debtors, are demanding an average of Shs 25 billion a year.

What does this mean? It means that there is excess cash with this institution. As much as they are fixing the masts we are talking about, there is excess cash. These are accounts, which I am sure my chairman of COSASE has.

The argument which hon. Katuntu is raising is very good, that these people should have NTRs. However, the information I am giving is that we should find a way out. Instead of having money lying in an institution and we go to borrow from treasury bills at 17 per cent yet the interest rate we are getting on fixed deposits is 5 per cent and the tax payer is paying the difference, it would be better that we are able to get this money at a cheaper rate instead of borrowing very expensive money. One thing we should propose maybe is to re-deposit it maybe in Bank of Uganda instead of people keeping money, which is in excess.

Finally, if I can show you the figures again; there is a grant expense they get and in 2013 it was Shs 30 billion; in 2011 Shs 9 billion; in 2011 Shs 15 billion; in 2010 Shs 7 billion; in 2009 Shs 12 billion; and in 2008 Shs 5.6 billion. These monies are good for development. I am not against UCC but we can ring fence the money somewhere for them as we have done for the energy sector, but not allow money to be with individuals who could determine how to spend it at their own cost. That is all I wanted to say.

**MR KATUNTU:** I think that could be okay. You see, there is revenue and we have a very effective UCC, which can be able to reinvest that money somewhere where it can make more money or in other development projects related to their sector. However, the idea of saying we put that money in the Consolidated Fund and then you start pleading with the Minister of Finance, who says that is the MTEF ceiling I have given you, is not correct.

These institutions have got people who know their jobs. They wake up every day to collect revenue. This formula you are suggesting is going to starve them of the funds. What is crucial is what hon. Alaso said - can we sort out the governance problem at the UCC. That governance problem is solely the minister’s *– (Interruption)*

**MR EKANYA:** You see, colleagues, we heard from hon. Tim Lwanga and he was a board member in that sector; problems cannot be solved overnight. The former board had a representative of the PS, Ministry of Finance. So if Government needs money, it is better to sort it out than removing money from the sector.

**MR KATUNTU:** Mr Speaker, I would like to conclude. I think the prescription being given by this proposed law and the committee report is not correct. You have correctly identified the problem that you lack a board. The Minister of ICT should go ahead to institute a board and then you sort out this problem –why you are not absorbing this money. Once the board is in place, then we can listen to the board and we can listen to their strategies. I think the figures given by hon. Nandala-Mafabi that there is too much money unabsorbed can be looked at. However, as of now, it is premature. Thank you.

6.25

**MS RITA NINSIIMA (NRM, Woman Representative, Kabale):** Thank you, Mr Speaker, for giving me this opportunity. Last week when we were discussing the report by the ICT committee, this issue of the board came up and the minister, hon. Nasasira, assured us that he did not want to go into the nitty-gritty that had delayed the establishment of the board. He also said that by last week, the Cabinet meeting had discussed the issue of the board as No.4 on their agenda. What I would expect the chairman to help us with in this particular sitting is to let us know whether he is really in touch with the minister and what was resolved.

In that session, the minister told us that by the end of this month, the issue of the board will be a done deal. Therefore, with such assurance that we are now going to have a board, which is being given as an excuse to take away this money to the Consolidated Fund, why don’t we wait? We have always been patient with Cabinet and they assured us that by the end of the month, the board is going to be in place; so leave this money in UCC.

Mr Speaker, we might have different reasons as to why we want this money to go to the Consolidated Fund but let those reasons be factual. I was on the ICT committee in 2011/13 and I want to assure you that UCC has done their best. The masts are in place; we moved up to as far as Tororo and the masts are in place. It is unfair for the chairman to come and defend his position – *(Mr Kakooza rose\_) –* hon. Kakooza, leave me. *(Laughter)* It is unfair for the chairman at this point to defend his position with lies because this impacts negatively on the people at UCC and NITA who are working with meagre resources to provide services to us.

Mr Speaker, I have demanded for a computer training course for my people since 2011, I only got a response in 2014. That means they do not have the resources. So, let us be honest; we can defend our positions but let it be with facts. It will be very unfortunate *–(Interruption)*

**MR SSEKIKUBO:** Thank you, honourable member, for giving way and allowing this information. Mr Speaker and honourable members, I think we need to be more careful with the decision we are about to make. Two wrongs do not make a right. Members with whom I have been with on the Public Accounts Committee will agree with me that there are no angels even in the Ministry of Finance. They have monies and when you ask, they fail to give an explanation. So, for us to think that by transferring this money we are helping the situation, the country is not going to borrow expensively –

**THE DEPUTY SPEAKER:** Is that still information?

**MR SSEKIKUBO:** The information I want to give is that we should not throw away the baby with the birth water. There are factual problems with UCC, which we must address. I am happy to learn that the ministry is handling that, and it is after then that UCC can be condemned. As of now, we know as Parliament that there is no board to talk about and the board usually is the one that makes decisions in the institution. We have denied them the board and yet we are still condemning them.

I want to appeal to colleagues; saying that this Shs 20 billion should be taken to the Consolidated Fund because Government needs it does not take away the problems we have with UCC. We can review that after a given period of time, but as far as we are concerned as a country, there is need for capital development within UCC. So I plead with colleagues that we should not carry a village hammer and miss the bigger picture once we take this irrational decision.

**MS NINSIIMA:** Thank you, hon. Ssekikubo. Mr Speaker, I want to conclude by saying that as Parliament, we should assist UCC have a board through our process of ensuring that this issue is emphasised in Cabinet. We should not take away what they have. I am strongly convinced that UCC does not lack the capacity to absorb these resources, but it is just handicapped because it cannot put a board in place by itself. Thank you.

6.31

**MR JOHN MULIMBA (NRM, Samia Bugwe County North, Busia):** Thank you, Mr Speaker. First of all, I want to thank the committee for the report and also thank the Shadow Minister of Finance for the minority report. All of them are right but ultimately, we have to take a decision.

I do not think the justification given to withdraw funds from UCC to Ministry of Finance holds much water. If we are to base on those premises, then we need to inquire how many corporate bodies, even under finance, do not have boards. Do we have a board under NSSF, but how much money are they holding? We can now look at the Shs 20 billion but for NSSF we are talking about so many trillions. It is operating without a board and that is okay. Here we are talking about Shs 20 billion and for the mere absence of a board we are saying that is very wrong, we withdraw.

Let me refresh our minds, Mr Speaker; how do budgets of these corporate bodies emanate? I thought the boards are supposed to initiate these budgets, give them to the ministers before reporting to Parliament. Yesterday, we approved the one of KCCA here, but do we have the KCCA Authority in place? So, the argument by the committee that we withdraw funds from UCC simply because of the absentia of a board is just misleading.

What the committee should have said – I think now across all Government corporate bodies ministers are given powers to appoint members of the boards. I will give you an example. In the law that gives powers to the minister to appoint the boards, we did not put a timeframe pertaining to when a new board can be appointed before the expiry of the current board.

To cure this anomaly, Mr Speaker, we should move to amend these laws to put a timeframe so that we can make it mandatory for the ministers to appoint members of these boards before the expiry of the outgoing boards. This is important because ministers are taking it for granted. They do not want to appoint new boards simply because they are not bound by timelines. Therefore, I wish to agree with the proposal of the shadow minister, and differ with that of the committee, that we do not withdraw funds under UCC but – *(Member timed out\_)*

6.35

**MR JACK SABIITI (FDC, Rukiga County, Kabale):** Mr Speaker, in the past many corporations used to retain money and also many affiliated bodies used to retain money. However, because they ended up messing up the management of these funds, Government in the past ordered that the money be managed centrally, though a few were left to manage this money. You will realise, however, that some of those still managing this money are new and others are old.

As we talk, Government operates a single Treasury account, a policy that has not been thoroughly debated by Parliament. The other day when I met the Minister of Finance, I put it to her that this matter should have been debated here for us to give her the authority, but they single-handedly took that decision –*(Interjections)*– No, I am a technical man in my own rights. *(Laughter)- T*hey single-handedly made this decision and it is causing problems to many corporations. This is not just one; many more are going to follow suit.

Two, the inflow of external revenue coming into the Consolidated Fund has come down and they need money; there is no doubt about that. So, they are attracted to bringing money into the Consolidated Fund Account. However, as one Member said, there is a tendency for the Ministry of Finance to love money for the sake of it yet they do not use what they have properly. If they were handling the affairs of finance properly in the Ministry of Finance – look at the Auditor-General’s report – then we would agree to have that money go back and they would assist these corporations.

Until the Auditor-General has looked into this particular sector to understand whether they have messed up this money or whether money is just redundant in that account, there is no reason why this money should be taken. Thank you.

6.38

**MS JOVAH KAMATEEKA (NRM, Woman Representative, Mitooma):** Thank you, Mr Speaker. A lot has been said but I want to say that UCC is a new institution that needs all the support that they can get. As colleagues have said, they have done a brilliant job. We should therefore find it hard to fault them. This is the way of the future. We are saying that we should encourage science students; we want our students all over the country to use computers and new technologies. So, supporting UCC is the way to go.

Secondly, withdrawing this money would set a bad precedent. The ministers will now deny such institutions support, like putting boards in place, so that their money can be withdrawn. Maybe what we should do is to penalise the minister who was supposed to put the board in place by withdrawing the minister’s salary so that other ministers can learn that when they are given the responsibility to put boards in place to facilitate these bodies, they do so. What I am trying to say here is that withdrawing this money would be a bad move and it would not help.

Thirdly, the issue of lack of capacity does not arise because there was a caveat – URA had sued UCC and so they could not use this money. So, we cannot turn back and say there is lack of capacity. We can use other reasons but not lack of capacity.

Lastly, I think there was misinformation from hon. James Kakooza who talked about Shs 80 billion; the correct figure is Shs 8 billion only. So, it is not correct that they are putting aside a lot of money. As the member from – *(Interruptions)*

**MR KAKOOZA:** Mr Speaker, the information I gave was got when we interacted with the ICT ministry in committee meetings. We questioned them – hon. Minister John Nasasira was there – and we asked whether it was true that they had Shs 80 billion on their account –

**THE DEPUTY SPEAKER:** How much?

**MR KAKOOZA:** Shs 80 billion, which had been committed and unutilised.

**THE DEPUTY SPEAKER:** Was it Shs 80 billion?

**MR KAKOOZA:** Shs 80 billion; they are the ones who told us in a meeting with the Committee of Finance. We even asked them, if that money is put on a fixed deposit account, who would take the accrued interest? They did not reply to that question. They said they would bring the details. The amount is correct. So, is the honourable member in order to insinuate that I am the one who stated the amount when we got this information from the officials of UCC?

**THE DEPUTY SPEAKER:** Actually, both your pronunciations are very complicated for me. *(Laughter)* I cannot tell whether you are saying 80 or 8; I cannot understand that. So, I am unable to rule on that point of order.

**MS KAMATEEKA:** Thank you, Mr Speaker. So, the issue of capacity does not arise as I was saying.

**THE DEPUTY SPEAKER:** Honourable members, we should draw to a close. The issues being raised are actually contained in the provisions of the Bill. We should have the opportunity to deal with it at that stage. I know the same debate will come back but we have already spent sufficient time debating this matter. I am going to the ministers to give some responses and then we take a decision as we will have more engagements at the committee stage.

6.42

**THE MINISTER OF FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mrs Maria Kiwanuka):** Thank you, Mr Speaker. I will start by commending the committee for presenting a valuable report. I now want to make some clarifications.

The Consolidated Fund belongs to Uganda; it does not belong to the Ministry of Finance. The Consolidated Fund is managed by the Minister of Finance on behalf of Uganda and the Parliament of Uganda. So, please, let us not keep saying the Ministry of Finance keeps this money or Ministry of Finance is hungry for money. You give us assignments; for the last three days, we have been listening and taking in requirements for money from all sectors in Uganda.

My second point is that we now have a website, a budget website called, “know your budget” - www.budget.go.ug. I can see hon. Betty Aol is already tapping into it. It will show her the budget of 2013/2014, what was allocated where and what was released. She can go to her constituency, she can go to her parish and see what was given to her UPE schools there, and then she can go and check to see what happened to that money. It is all about transparency and it is a manifestation of technological advances that have rendered keeping non-tax revenue at source redundant. Because of technological advances, we now have the Treasury single account, we now have decentralisation of salaries and we now have the know your budget website.

Mr Speaker, we have heard a lot today about the benefits of ring-fencing or earmarking funds for various institutions. I will not talk about UCC; I will talk about all institutions. The ultimate ring-fence is right here - Parliament and its appropriation role. Why does Parliament want to reduce its appropriation role that it assumes every year in the light of the circumstances of that year and in the light of the shifting development priorities? We feel Parliament is the ultimate ring-fence; you scrutinise the work plans of the ministries, departments and agencies and you can say, “we think you can absorb this, we think you cannot absorb this”. This is what we are going to measure you against. So, it is your prerogative, do not give it away.

Non-traditional revenue retention also discourages optimal use of available limited resources. We have heard a lot today, yesterday and even the day before about the pressing needs; don’t you want to have all the money available in one place from which you can allocate? When we go to our households, we might give our children pocket money to go to school but when their younger brother or sister is about to start school, won’t you say to that older child, I will give you less money this time because I need to pay school fees for your brother or sister? If they come home with money, do you let them take it to the bedroom? Do you not say, “give it to me and I will reallocate it in our household priorities”? That is your job to do for the country as Parliament.

Also, ring-fencing disallows for revenue shortfalls. We endeavour to present a balanced budget but when we have revenue shortfalls and some entities are legally keeping money on fixed accounts or lying idle, shouldn’t we be able to bring that money together for you to appropriate?

On the question of governance, I will not say much; I think a lot has been said by the honourable members. I will stop by saying that the ultimate collector and generator of money is URA and it transmits the fruits of all its labour to the Consolidated Fund. What I would like to propose to the Parliament is that you can say that you are going to give such an allocation to such a task and with the technological advances, we will endeavour to meet that assignment, just like now we are endeavouring and vastly improving on meeting salary deadlines. Mr Speaker, I beg to submit.

**THE DEPUTY SPEAKER:** Thank you. Thank you, honourable members. That was a very passionate appeal to the House. Let me start by amending what appears on the Order Paper as the Finance (Amendment) Bill. What we are dealing with is the Finance Bill, 2014. So the Order Paper is accordingly amended to reflect that, so that at the right stage, if it is necessary, we can deal with the actual title of the Bill.

The question we are dealing with right now and which is the question I have proposed for your debate, which debate has come to a conclusion, is that the Bill entitled “the Finance Bill, 2014” be read the second time. I now put the question that the Bill entitled “the Finance Bill, 2014” be read the second time.

*(Question put and agreed to.)*

**THE DEPUTY SPEAKER:** It is coming to 7 o’clock and it would be a proper time to come to a conclusion of this matter. When we resume tomorrow, we should deal with the committee stage and finalise on this Bill. So, please, come as many as possible so that we can process this Bill early enough and free members by midday. House is adjourned to tomorrow, 10.00 O‘clock.

*(The House rose at 6.49 and adjourned until Friday, 12 September 2014 at 10.00 a.m.)*