



PARLIAMENT OF UGANDA

PARLIAMENTARY DEBATES

(HANSARD)

OFFICIAL REPORT

THIRD SESSION - FIRST MEETING

TUESDAY, 27 JUNE 2023



IN THE PARLIAMENT OF UGANDA

Official Report of the Proceedings of Parliament

THIRD SESSION - 5TH SITTING - FIRST MEETING

Tuesday, 27 June 2023

Parliament met at 2.00 p.m. in Parliament House, Kampala.

PRAYERS

(The Speaker, Ms Anita Among, in the Chair.)

The House was called to order.

COMMUNICATION FROM THE CHAIR

THE SPEAKER: Honourable members, I want to welcome you to this afternoon sitting. I would like to remind you that COVID-19 is back; most people around us have COVID-19. You need to be very careful.

Last week, on 23 June 2023, we convened a Business Committee meeting during which a number of concerns were raised on the pending business we need to accomplish. Most of the issues that came up were Bills that are pending in the Attorney-General's Chambers. I am happy the Attorney-General is here; he should be able to follow up the pending Bills with his ministry.

One of the resolutions was that all chairpersons and deputy chairpersons must attend Plenary on a daily basis. I am saying, "must attend". Prof. Mushemeza was appointed a whip to ensure that all chairpersons attend Plenary. I can see Hon. Ngompek but I urge all chairpersons to attend Plenary.

In addition, the Business Committee approved the Parliamentary Calendar for the Third

Session of the 11th Parliament and the Clerk will soon circulate that calendar. May I remind you, honourable members, that we only have two years left. Please, go back to the constituencies and work for them. We want to see all of you back in the House. Please, bond with your voters if you want to come back to the House. Otherwise, I want all of you back in the House.

Honourable members, on a sad note, in the last few days, we have witnessed many issues. We have lost a number of people. Our former Leader of the Opposition, Hon. Wafula Oguttu lost a wife. We lost the former Member of Parliament for Kabweri, Hon. Francis Gonahasa. He was here in the 10th Parliament. We also lost the spouse to Hon. Yusuf Mutembuli, MP of Bunyole East. Then, we have had a resurgence of murders in Masaka in Bukoto East, where at least six lives were lost in a single family. May we kindly rise for a moment of silence in their honour.

(Members observed a moment of silence.)

THE SPEAKER: Honourable members, specifically about criminality in the Masaka Region, I am happy the minister is here. There is a need for decisive and deterrent action from the relevant authorities so that we restore safety and confidence in the population in Masaka. In addition to Masaka, there was also an issue in Kayunga and a number of places have been mentioned.

Honourable minister, you need to follow up that; report to the House on what actions you

are taking and the current status. You should do that together with the Minister of Internal Affairs; a multi-sectoral approach is required on that. We need that investigation and reassurance to our Members and residents that tomorrow, it will not be them that are killed.

Honourable members, I am sure we all know that tomorrow, 28 June 2023, the Muslim fraternity will be celebrating the Eid al-Adha, a reminder of Prophet Ibrahim's devotion to Allah and willingness to sacrifice His son, Ismail. On that note, I would like to wish all the Muslim community in Uganda a happy *Eid* celebrations. May the Good Allah hear all your prayers.

Honourable members, following the reconstitution of sectoral committees, I know we have had changes, especially in the leadership. I request that an immediate handover takes place, especially for offices. I have been told that some leaders do not want to leave offices. Can we have an immediate handover? Honourable members, we want immediate handover of offices; give the new office bearers their offices. We got these things here and we shall leave them here. I thank you very much.

Today, we have a number of Bills to pass and we should be able to pass all of them. I will be mindful of time so that our Muslim brothers and sisters can go and celebrate. Member for Bukoto East County, is it on my communication? Let me have the Member for Bukoto East first.

2.09

MR EVANS KANYIKE (NUP, Bukoto East County, Masaka): Thank you, Madam Speaker. In your communication, you talked about the murders in Buwunga Subcounty, Bukoto East, Masaka. Good enough, the Minister of Security is here. We experienced those murders on Sunday where five people were murdered in one home. The community I represent is in panic and we have many unanswered questions.

Madam Speaker, we have a challenge. Masaka is a new district where -

THE SPEAKER: Masaka is not a new district; it is one of the traditional districts. Unless you are talking about the city.

MR KANYIKE: Masaka has been there. When they created the city, the police headquarters are now in Masaka City. So, the rural Masaka District has no police headquarters and we have no patrols.

The District Police Commander (DPC), the head of security in Masaka, that is, the Resident District Commissioner (RDC) and the District Internal Security Officer (DISO) all sit in Masaka City. When this happened, we contacted the DPC of Masaka, but he had to contact the people in Masaka City to come to our rescue.

As the area Member of Parliament, I urge the Minister of Internal Affairs and the minister responsible for security to provide -

THE SPEAKER: Your neighbour wants to give information.

DR BWANIKA: Thank you, honourable member, for giving way. The issue of the capacity of the police in the Greater Masaka is serious.

The division I come from - Kimaanya-Kabonera - has zero patrol vehicles and zero motorcycles. Therefore, I request that when the Minister of Security is appraising this House on the issues of security in Masaka, he should also appraise us on the facilitation of the police officers in that area so that they can respond to the security issues in that area. Thank you very much.

THE SPEAKER: Honourable minister, do you know what happened after the creation of the cities? When these cities were created, the facilities that were meant for the districts remained for the cities. So, the rural part of the districts - not only in Masaka, but in all

the other areas – do not have vehicles, police stations, etcetera.

2.13

THE MINISTER, OFFICE OF THE PRESIDENT (SECURITY) (Maj. Gen. (Rtd) Jim Muhwezi): Thank you very much, Madam Speaker. We extend condolences to all the families that lost their dear ones. On the issue of creation of the new districts – because of cities – the police actually does not follow the district administrative units; they have their own zones. So, Masaka is still served by the headquarters in the city.

Regarding the facilitation, that is a different matter. As you know, Parliament is the one that appropriates. We shall liaise with Parliament and see how to improve the facilitation.

THE SPEAKER: Honourable minister, we need adequate police personnel in the area. We do not have enough police personnel in most of these districts. What you can do is to open police posts, which are near those areas so you are able to see what is happening in the areas.

Imagine people are being killed in the night and the police station is 20 kilometres away! Those people need patrol vehicles. We have just passed the budget so that should be taken as a priority.

MAJ. GEN. (RTD) MUHWEZI: Much obliged, Madam Speaker. I will liaise with the Ministry of Internal Affairs on the matter.

THE SPEAKER: Actually, if you do not have money in the budget, we are even willing to give you a supplementary on the issue of police because we need safety.

MAJ. GEN. (RTD) MUHWEZI: I appreciate that last comment –(Laughter)– and I will come back.

THE SPEAKER: Thank you. (Member rose_) There is a procedural matter.

MR BALIMWEZO: Thank you very much, Madam Speaker. On 23 May 2023, this

House adopted both the minority and majority reports of the joint Committee on Physical Infrastructure and the Committee on Defence and Internal Affairs on the implementation of the intelligence transport monitoring system. Both reports raised very critical issues. However, today, I realise that implementation of the same is going on without harmonisation of the two adopted reports.

THE SPEAKER: What is your procedural matter?

MR BALIMWEZO: Are we proceeding well without the harmonisation of the two very critical reports?

The Commissioner-General of Uganda Revenue Authority (URA) was directed to begin enforcing the same. However, this Parliament came out clearly and adopted both the minority and majority reports. Yet, implementation is going on without harmonisation.

This is a matter that the *Daily Monitor* has written about – very critical issues that were raised by URA itself. There are risks we had not looked at. Therefore, it is important, Madam Speaker, to address this matter.

THE SPEAKER: Who was supposed to harmonise the reports?

MR BALIMWEZO: We did not harmonise.

THE SPEAKER: I am asking: who was supposed to harmonise?

MR BALIMWEZO: Parliament.

MAJ. GEN. (RTD) MUHWEZI: Thank you. Madam Speaker, we took note of the decision of Parliament and have harmonised the reports.

THE SPEAKER: Honourable members, can we, first, have the harmonised position laid on the Table as we await the implementation. (Member rose_) Yes?

MR SILWANY: Thank you, Madam Speaker. The procedural matter I rise on is related to the Uganda Police Force.

Madam Speaker, most areas in Uganda, including my area and many others, the number of police posts are instead being reduced. Several police stations are being closed and -

THE SPEAKER: It is not police stations but police posts that are being closed.

MR SILWANY: Yes, Madam Speaker. I beg your pardon.

Madam Speaker, as these closures are taking place, the crime rate is increasing. Therefore, the procedural matter I am raising is: wouldn't it be procedurally right for us to ask the Minister of Security to give us a clear position in regard to which police posts are supposed to be there and which ones are not supposed to be there so that the population knows?

There is a lot of panic. Every police post thinks that, tomorrow, they are going to be no more – and some of them are very far in the villages, Madam Speaker.

THE SPEAKER: Honourable members, we are overstressing the security minister. Let us have the Minister of Internal Affairs here to respond. Who is the Government Chief Whip today? *(Laughter)*

MAJ. GEN. (RTD) MUHWEZI: Thank you very much, Madam Speaker. I would like to talk about Internal Affairs; the police. Remember, there was a time when there was change of deployment because of some insecurity that was going on. So, security changed its deployment – we cannot discuss the details.

However, removing a police post does not mean that there are no police. These are just –*(Interjection)*– security is handled in many ways. Do you remember when they were attacking a few and we changed the tactics? But the -

THE SPEAKER: Does it mean you removed the building but left the personnel?

MAJ. GEN. (RTD) MUHWEZI: We just changed the formation. We cannot discuss

the detail. Where Dr Bwanika said that the personnel are fewer, that can be looked into. If it is a question of money - and Madam Speaker, you gave us a green light to come back for a supplementary - We shall come back but security is guaranteed. *(Laughter)*

THE SPEAKER: Honourable members, truth be told, we have few police personnel. We need to look into it. I have written very many times asking for police personnel in my own district but I have not been given even one. Can we have the issue handled first?

When recruiting, do not recruit your relatives who are not trained because we do not want to get the problem that occurred in Somalia. Let us recruit people professionally without saying, "This one, is a son of so and so." It should be on merit. This House will provide you with money for the recruitment of police personnel. *(Applause)*

In the public gallery, this afternoon, we have students and teachers of Seeta Junior from Mukono North Constituency. They are represented by Hon. Abdallah Kiwanuka and Hon. Hanifa Nabukeera. You are most welcome. Where are you? Please, stand up. Thank you for coming to Parliament. Join me in welcoming them. *(Applause)*

We also have Hon. Lucy Akello's daughter, Ms Julia Achom. Ms Achom, where are you? That is our daughter. You are welcome.

Honourable members, in the VIP gallery this afternoon, we have a delegation of the subcommittees of Standing Orders from the National Assembly of Zambia. *(Applause)* They are led by the First Deputy Speaker. They include:

1. Hon. Attractor Malungo - First Deputy Speaker of Zambia;
2. Hon. Princess Kasune – Deputy Government Chief Whip;
3. Hon. Cornelius Mweetwa – Provincial Minister, Southern Province;

4. Hon. Stephen Kampyongo – Member of Parliament;
5. Hon. Gystave Chonde – Member of Parliament;
6. Hon. Joel Chibuye – Member of Parliament;
7. Hon. Machila Jamba – Member of Parliament;
8. Hon. Imanga Wamunyima – Member of Parliament;
9. Hon. Brenda Nyirenda – Member of Parliament;
10. Mrs Loveness Mayaka – Ag. Deputy Clerk;
11. Mr Tenneson Nyangu – Principal Clerk;
12. Mrs Doris N. Kapumba – Parliamentary Legal Counsel;
13. Mrs Chabala Chalema – International Relations Officer.

They are here to witness the proceedings of this House. You are all most welcome. *(Applause)* Thank you for coming to the Parliament of Uganda. Our Parliament is people-centered. We legislate for the people outside here. *(Mr Ssewungu rose)* Honourable member, is it on my communication?

2.25

MR JOSEPH SSEWUNGU (NUP, Kalungu West County, Kalungu): Yes, Madam Speaker. I would like to thank you for your communication. As the Opposition, we wish the Islamic faith a happy Eid al-Adha.

On the issue of the honourable member from Bukoto East, the Committee on Government Assurances has reports that were given to the Clerk to Parliament. We visited all the cities. We have about four reports that have not yet been brought to the House yet we gave them to the Clerk. If that report can be tabled here, it will give all the findings we got from the cities.

Madam Speaker, with your indulgence, I think the Clerk can give in those reports so they are put on the Order Paper.

Secondly, I heard Maj. Gen. (Rtd) Jim Muhwezi - and I would like to thank him for his statement. However, the issue of rampant deaths must be given adequate attention. I know he was in Internal Security Organisation (ISO) for some time during which he gave very dedicated service.

THE SPEAKER: Honourable member, we already made a ruling to that effect. We need a report on what the Government is doing and we need to restore peace in the area. We are waiting for a report from the Ministry of Internal Affairs and Ministry of Security.

Concerning the issue of your reports that would give this House information, I invited all the chairpersons of committees to the Business Committee. That is where we should have looked at pending business. None of you came from the Committee on Government Assurances. That said, we shall still put you on the Order Paper.

MR SSEWUNGU: Madam Speaker, if you could give me two minutes as the Ag. Leader of the Opposition - because I was trying to say something very critical -

THE SPEAKER: I have already made a ruling on the issue of the murders. Let us not do “gallery politics”. I have made a ruling.

MR SSEWUNGU: Madam Speaker, I am not in “gallery politics”. May I may seek your indulgence -

THE SPEAKER: We need a report on the issue of Masaka. The killings there are very bad. Hon. Bakkabulindi.

2.28

MR CHARLES BAKKABULINDI (NRM, Workers Representative): Thank you very much, Madam Speaker. I am rising on a matter of national importance. Basing on rule 42 –

THE SPEAKER: Is it on my communication?

MR BAKKABULINDI: Can I wait a bit?

THE SPEAKER: Hon. Bakkabulindi, we will do that on Thursday. There are no matters of national importance today. We have a number of Bills to process.

MR BAKKABULINDI: Most obliged.

THE SPEAKER: Thank you.

2.29

MS BETTY NALUYIMA (NUP, Woman Representative, Wakiso): Thank you very much, Madam Speaker. In your communication, you mentioned our loved ones who passed on. We also join you to condole with the families.

As I prepare and adjust my will, I would like to seek clarification from the Government on the people who are supposed to receive official burials such that when I leave this earth and have made my will, I am not disturbed. We lost Hon. Kato Lubwama sometime back and we have just lost Hon –

THE SPEAKER: Can you repeat what you were saying. This *Mukatuliki* was taking my attention. (*Laughter*)

MS NALUYIMA: Madam Speaker, in your communication, as we continue to lose colleagues who were in different Parliaments - the way we lost Hon. Kato Lubwama and now Hon. Francis Gonahasa, we wish to know from the Government the people who are supposed to receive official burials so that I can adjust my will and when I leave this earth, my family is not disturbed by any other arrangement.

THE SPEAKER: Thank you very much. I want you to look at the Administration of Parliament Act, the Judiciary Act and the Standing Orders. Attorney-General?

2.30

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Thank you very much, Madam Speaker. As you have correctly stated, we have various laws that provide for

the various persons; the Administration of Parliament Act and the Public Service Standing Orders.

However, what we are doing right now is getting all these provisions from the different statutes and consolidating them into a final policy for the whole Government, so that it can be in one place. The Ministry of Public Service will be coming up with this soon.

THE SPEAKER: Thank you.

MR SSEWUNGU: I am seeking clarification from the Attorney-General. This matter has been raised here several times, about determining who is to be brought here. In Uganda, it is only the President who says, “Bring A, B, C or the other one”.

Recently, Madam Speaker, I talked to the AG, when our former Judge of the Supreme Court lay in state. Indeed, the public did not know that the Judge had to stay here for a night because of the law we brought. It looked as if it was ugly in public.

So, what we are asking for is that the Government brings a law, which determines who is supposed to be brought to Parliament and not to be decided upon by the President as an individual. We can achieve that. That is the clarification I am seeking from the Attorney-General. If we get that law, we shall not have discrepancies.

We had a scenario here, where the body of the former Attorney-General was brought but left outside; it was not brought inside the House. The public on the other side never felt happy. So, we must have a clear legislation.

If it is Hon. Ssewungu, who has been in Parliament for three terms, is he eligible to be brought here? If he has been in Parliament for one term; is he legible? He has been a minister. There was the first Ambassador in Uganda; he is from my area. He was not even brought to Parliament. However, you look at Mr Museveni; he comes out and says, “I will get votes the other end; let Hon. Ssewungu be brought.” We do not want that.

THE SPEAKER: Thank you. Honourable members, the laws are very clear. When you look at the Administration of the Judiciary Act, the Supreme Court Judges lie in state. That is why the bodies of Justice Arach and Justice Opio Aweri lay here overnight.

The Administration of Parliament Act is also very clear. When a sitting Member of Parliament dies, your body will be brought here but you will not lie in state. However, when Rt Hon. Oulanyah died, the body stayed here. There should be a difference between a Member of Parliament, a Speaker and a Supreme Court Judge. *(Laughter)* Next item.

MOTION FOR RECONSIDERATION OF
THE NATIONAL SPORTS BILL, 2023, AS
RETURNED BY HIS EXCELLENCY THE
PRESIDENT, IN ACCORDANCE WITH
ARTICLE 9(3) OF THE CONSTITUTION
AND RULE 142 OF THE RULES OF
PROCEDURE

THE SPEAKER: Honourable members, you will recall that on Tuesday, 20 June 2023, I informed the House that His Excellency the President, through a letter dated 17 May 2023, and pursuant to Article 91(3)(b) of the 1995 Constitution, communicated to the Rt Hon. Speaker that he withheld the assent of the National Sports Bill and gave reasons as to why it was withheld. The results were mentioned in the letter.

Subsequently, I referred the letter and Bill to the committee for reconsideration. I am informed that the Bill is ready for reconsideration. However, I will require the Minister of Sports to move a motion to that effect for reconsideration. Honourable minister?

2.35

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Thank you very much, Madam Speaker. I beg to move a motion for the reconsideration of the National Sports Bill, 2023.

THE SPEAKER: *(Members rose)* It is seconded by Hon. Bakkabulindi, Hon. Muwuma, Hon. Mapenduza, the Attorney-General, the Minister in charge of the elderly, Hon. Cissy Namujju and Hon. Magogo. *(Laughter)* It is seconded by the whole House. Would you like to speak to your motion?

MR OGWANG: Thank you very much, Madam Speaker. In accordance with Rule 143(3) of the Rules of Procedure of Parliament of Uganda, I beg to move that the Bill entitled “The National Sports Bill 2023” be reconsidered by the House.

Madam Speaker, the National Sports Bill, 2021, a Private Member’s Bill, was tabled for the first reading on Thursday, 10 November 2022. The Bill was referred to the Committee on Education and Sports, in accordance with Rule 129(1) of the Rules of Procedure of Parliament.

Following the first reading of the National Sports Bill, 2021 on Tuesday, 6 December 2022, the Minister responsible for education and sports tabled the Physical Activity and Sports Bill, 2022, for first reading. The Bill was subsequently referred to the Committee on Education and Sports, in accordance with Rule 129(1) of the Rules of Procedure of Parliament.

The committee considered the Bill, in accordance with Rule 129 and 189(c) of the Rules of Procedure and harmonised the two Bills into the National Sports Bill.

Madam Speaker, on Thursday, 2 March 2023, Parliament considered and passed the National Sports Bill. Subsequently, the Clerk to Parliament transmitted a presentation copy of the Bill to His Excellency the President for assent. The President, in accordance with Article 91(3)(b) of the Constitution, withheld his assent to the Bill and returned it to Parliament for consideration. The President, in his letter to the Rt Hon. Speaker, dated 17 May 2023, requested for the reconsideration of the Bill.

The Committee on Education and Sports has examined the matter returned by the President and is ready to report on the same matter. I beg to move, Madam Speaker.

THE SPEAKER: Thank you very much, honourable minister. I now invite the chairperson of the Committee on Education and Sports to present his report. As we wait for him, in the public gallery this afternoon, we have a delegation of Planning Committee members from the Parliament of Ghana, led by the Deputy Clerk to Parliament. These include:

1. Mr Ebenezer Djietror - Deputy Clerk to Parliament
2. Mr Adam Iddrisu - Deputy Editor
3. Mr Fred Larbi – Clerk Secretariat
4. Ms Kate Addo
5. Mr Camillo Pwamang
6. Ms Abigail Hanson
7. Mr Errington Commey

They are here to observe the proceedings of the House. I am happy that when our neighbouring parliaments want to do benchmarking, they come to Uganda. *(Applause)* We thank you very much.

I do not expect our Members here to now say they want to go and do benchmarking in New York. We shall come and do benchmarking in your Parliament, not New York because we can never change Uganda to be New York. Uganda can be changed to be like Ghana and Zambia.

Thank you very much for coming. Chairperson of the committee? Honourable members, this report is going to be a brief one. The reasons for returning it were very clear. Yes, procedure?

2.40

MR PATRICK ISINGOMA-MWESIGWA (Independent, Hoima East Division, Hoima City): Thank you, Madam Speaker. I have noted, with a lot of consternation that over the past year, so many Bills passed by this House and sent to the President for assent have been

returned. Is this an indictment on the 11th Parliament that we are not doing a good job? - because at times the Bills have come back here.

THE SPEAKER: How many Bills have come back, not assented to?

MR ISINGOMA: So many, Madam Speaker, and they include the Anti-Homosexuality Act, the Markets Bill, the Public Service Pensions Fund Bill -

THE SPEAKER: Is that a problem? Is it not provided for in the Constitution?

MR ISINGOMA: It is provided for, Madam Speaker, but the magnitude at which these Bills are coming back is disheartening.

THE SPEAKER: Honourable member, let me advise you: if you have nothing to say, do not stand up. This Parliament has done a very good job and I commend you, Members of Parliament, for the work. Returning a Bill is a process of making a Bill. When you say “we have not done a good job”, maybe to you, but the House has done a good job.

2.42

MR JOHN TWESIGYE (NRM, Bunyaruguru County, Rubirizi): Thank you, Madam Speaker. As the honourable minister has presented in his motion, the report of the sectoral Committee on Education and Sports on the return of National Sports Bill, 2023 is ready with signed minutes of the meeting. Madam Speaker, I beg to lay on the Table before I proceed.

THE SPEAKER: Please, lay. I have Members who have not signed the report. I need an explanation from each Member as to why they did not sign. That is where we talk about attendance. I want an explanation from each of the Members who have not signed. I have only received an apology from Hon. Joram, the Elders’ Representative. For your information, he is sick and admitted in hospital. The rest, I have not received an apology. Go ahead.

MR JOHN TWESIGYE: Thank you, Madam Speaker. Allow me not to repeat information similar to what the minister has raised in his motion. Allow me to move from page 2 to pages 3 and 4, where I will mention briefly the role of the committee in consideration of the Bill returned by the President, which is in line with Article 91 of the Constitution that imposes an obligation on Parliament to ensure that a Bill passed by Parliament is, as soon as possible, presented to the President for assent as already mentioned by the minister.

Allow me to go to the second paragraph of page 5. Rule 143 of the Rules of Procedure guides Parliament and a committee to which a returned Bill by H.E. the President is referred to by Parliament. The rule requires the Speaker to read to the House the request from the President, which you did, Madam Speaker. By that, allow me to go to page 6.

3.0 Consideration of matters returned by the President

The committee has examined the provisions returned for reconsideration by H.E. the President and hereby reports.

3.1 Clause 2 - Interpretation

The first proposal by H.E. the President relates to the need to define the word “representative”.

Committee observation²

The committee has examined the proposal by H.E. the President on the need to define the word “representative” and observes that the use of the word “representative”, under clauses 32(2)(b), (c) and (d) presupposes that those constituencies/stakeholders to be represented on the Board have organisations that bring them together from which representatives to the Board will be appointed, whereas not.

Therefore, there is a need to define the word “representative”. However, it should be noted that since the word “representative” is used in other clauses other than clause 32(2), it is

appropriate that the word “representative” be defined under clause 32 to make the definition applicable to only clause 32.

Recommendation

In order to ensure effective implementation of the provision by the minister in appointing members of the Board, the committee recommends that clause 32 should be amended to include the definition of the word “representative” and it is clearly indicated in the amendments.

3.2 Clause 32 - Board of the National Council of Sports

H.E. the President proposes that section 32(2) should be amended follows:

“(1) The National Council of Sports shall have a Board of seven members which shall be the Governing Board of the Council.

(2) The Board shall consist of the chairperson and other six members:

- (a) A representative from the ministry responsible for sports;
- (b) Two representatives from any other two traditional regions of Uganda;
- (c) A representative of the national sports associations or the national sports federations;
- (d) A representative of the athletes;
- (e) A representative of the private sector; and
- (f) A person with experience in sports administration;

(3) A member of the Board referred to in subsection (2) shall be a person with knowledge and experience in sports administration.

(4) The minister shall appoint the members of the Board, taking into consideration the following:

- (a) The interests of the sports sector;
- (b) The shareholders of the sports sector;
- (c) Persons with disability;

(d) Gender balance”

H.E. the President argues that there is a need to have a small Board that will not put a financial strain on the Government’s resources as the same has been done for other Government agencies and authorities and that this will also ease decision-making.

The committee examined the proposal by H.E. the President under clause 32 and noted that the request by H.E. the President relates to the following issues:

- (a) The size of the Board;
- (b) The replacement of clause 32(2)(b) to read as follows:

“(b)Two representatives from any two traditional regions of Uganda;”
- (c) In subclause (3), by inserting the word “administration” at the end of the provision; and
- (d) The replacement of the phrase “stakeholders of the sports sector as one of the considerations by the minister while appointing members of the Board” with the phrase “shareholders of the sports sector”.

Committee observation

The committee observed that whereas the Bill does not specifically state that the Board of the National Council of Sports shall consist of seven members, the Bill carries the same spirit in the composition of the Board. Therefore, in order to enhance clarity, the committee is agreeable to the President’s proposal to have the number of the Board members clearly stated and to clearly provide for the representation of any two traditional regions of Uganda on the Board, by two persons.

The committee, however, noted that it was not clear what the traditional regions of Uganda are, given that they are not specified under the law. It therefore, observed the need to

make reference to the First Schedule of the Constitution of the Republic of Uganda, 1995 which provides for the regions of Uganda.

As regards the use of the phrase “shareholders of the sports sector” as proposed by H.E. the President, the committee observed that the use of the phrase “stakeholders of the sports sector” as used under clause 32(4) is more appropriate and encompassing given that the word “shareholder” restricts the minister’s powers to the interests of persons who have a monetary stake in the sports sector.

Recommendation

The committee recommends that:

- (a) The number of members of the Board should be clearly specified as seven (7);
- (b) Clause 32(2)(b) should be amended to read: “Two persons who shall be two representatives from any two traditional regions of Uganda specified in the First Schedule of the Constitution”;
- (c) Clause 32 (3) should be amended to insert the word “administration” immediately after the word “sports”; and
- (d) The use of the phrase “stakeholders of the sports sector” under clause 32(4) should be maintained.

3.3 Clause 75 – Public sports facilities

Clause 75(1) provides that the land on which the public sports facilities are established and the public sports facilities thereon shall vest in the council.

His Excellency the President proposes the need to make provisions for the schedule of the sports facilities that will vest in the council, specifying the location, acreage and current registered proprietors of the sports facilities. The procedure for vesting the property in the council should also be provided.

Committee observation

The committee, while examining the proposal by H. E the President, obtained a list of public sports facilities from the National Council of Sports, indicating the following – Madam Speaker, I request that I do not go through the table. The details are indicated and clearly shown on the screens. Allow me to proceed to page 11.

The committee examined the list of public sports facilities and observed that most of the public sports facilities are owned by local governments and do not have the full particulars of the land, including the block number, plot number and acreage.

The committee, therefore, further scrutinised the entire clause 75 and noted that the provision had an effect of vesting all properties on which public sports facilities are established, including land owned by local governments, to the National Council of Sports. The implication of this is the deprivation of local governments and other entities of their right to own property, contrary to Article 26(2) of the Constitution of the Republic of Uganda.

Madam Speaker, Article 26 is about protection from deprivation of property and is clearly displayed on the screen.

After going through the article and Section 6 of the Local Government Act, the committee came out with the recommendation that clause 75 should be deleted.

3.4. Schedule 2 – national sports discipline recognised at the commencement of the Act

His Excellency the President noted that whereas National Council of Sports has 51 recognised national sports federations, the list in Schedule 2 provides for 50 national sports federations/associations.

In addition, kickboxing, which is provided for under the schedule, is no longer a recognised sport by the Council and should, therefore,

be deleted. Archery should be added in the schedule as it is recognised by National Council of Sports.

Committee observation

The committee examined the proposal by His Excellency the President and observed that the National Sports Bill, as returned by the President, under Schedule 2, does not include kickboxing.

The committee further considered the issue raised by His Excellency the President relating to the national sports federation recognised by National Council of Sports and noted that Schedule 2 lists the sports disciplines and not sports federations as stated in the President's letter. Whereas the sports federations, which are 51, include the Association of Uganda University Sport, this is not a sports discipline and, therefore, could not be included in the schedule. This leaves the number of sports disciplines at 50.

Recommendation

The committee recommends that Archery sports discipline be added as proposed by His Excellency the President since it is recognised by the National Council of Sports.

Madam Speaker, I beg to report. *(Applause)*

THE SPEAKER: Thank you, committee chairperson. The report is self-explanatory.

2.55

MR GEOFREY KAYEMBA (NUP, Bukomansimbi South County, Bukomansimbi): Thank you, Madam Speaker. I thank the chairperson of the committee for the report, but my concern is about the vesting of the properties. We know that this land is for the local governments, but we have got a bad experience that most of the land has been given away by the local governments. I think we should add that if it is with the local government, it should not be sold, mortgaged or leased by any person.

THE SPEAKER: When you look at clause 75(2), it brings that out clearly. We have not agreed to delete it. Why are we deleting it?

MR KAYEMBA: That is what the committee chairperson said.

THE SPEAKER: We have not agreed on that.

MR KAYEMBA: Okay. Thank you.

2.56

MR CHARLES BAKKABULINDI (NRM, Workers' Representative): Thank you, Madam Speaker. I thank the committee for the quick response on the Bill. I also express my appreciation to the Private Member who sponsored this Bill.

I have listened to the amendments and in fact, Members, I thank you very much for supporting the Bill because sports is now an industry that has started creating jobs for our youth and marketing our country.

I looked at two things and one of them is representation on the Board. I agree that the Board should have a minimum number of seven members. When they say the different disciplines be represented on the Board that brings sanity – which they will sit alone and select the person, who will be answerable to them, to come to the Board.

On the issue of persons with disability, I think that is a very good innovation. We have been having different disciplines such as Paralympics – people with disability – and they have been marginalised. Now, their presence on the Board is properly guaranteed. *(Applause)*

Madam Speaker, I would like to pose one question. A minister is the overall overseer of that Board and activities in sports. Do we need two representatives from the ministry, when the minister is there?

THE SPEAKER: Is the minister a Board member?

MR BAKKABULINDI: No, he is the overseer.

THE SPEAKER: The letter is saying one.

MR BAKKABULINDI: How many representatives are on the Board?

THE SPEAKER: A representative - one.

MR BAKKABULINDI: Oh, I agree with that. Otherwise, I thank the chairperson of the committee for that quick response and I urge Members to pass this revised Bill.

THE SPEAKER: So, are you moving the motion?

MR BAKKABULINDI: I move that the Bill and its motion be adopted and passed by the House. *(Laughter)*

THE SPEAKER: Motion?

2.58

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Madam Speaker, having listened to a good report by the committee and a few submissions that have been made here, I beg to move that debate be closed and we move to the Committee Stage.

THE SPEAKER: Is it seconded? *(Members rose_)* It is seconded by Hon. Silwany, Hon. Omara, Hon. Olobo, Member for Dokolo, Member for Budaka, Hon. Daudi – the two Daudis – the Attorney-General, Dr Abed, Hon. Hassan, Hon. Isaias, Hon. Akello, Hon. Rose, Hon. Amero – and the whole House.

Honourable members, on quorum, we have 128 Members physically present and 56 Members are virtually present, as opposed to the minimum requirement of 177 Members. We now have quorum. *(Applause)*

I now put the question that the National Sports Bill, 2023, as returned by His Excellency the President, in accordance with Article 91(3)(b) of the Constitution and Rule 142 of the Rules of Procedure, be considered by this honourable House.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE NATIONAL SPORTS BILL, 2023

Clause 32

3.01

THE CHAIRPERSON, COMMITTEE ON EDUCATION AND SPORTS (Mr John Twesigye): Madam Chairperson, clause 32 is substituted with the following:

“32. Board of National Council of Sports;

- (1) The Council shall have a Board, which shall be the governing body of the Council.
- (2) The Board shall consist of seven members appointed by the minister.
- (3) The minister shall appoint a chairperson of the Board from among the members of the board.
- (4) The board shall comprise of;
 - (a) A representative of the ministry responsible for sports,
 - (b) Two representatives from any two traditional regions of Uganda specified in the First Schedule of the Constitution,
 - (c) A representative of the national sports associations or national sports federations,
 - (d) A representative of the athletes,
 - (e) A representative of the private sector, and
 - (f) A person with the knowledge and experience in sports administration.
- (5) The minister shall, in appointing members of the Board, take into consideration the following;
 - (a) Interests of the sports sector,
 - (b) Stakeholders of the sports sector,

(c) Persons with disability, and

(d) Gender balance.

(6) In this section, “representative” means a person appointed by the minister to be a member of the Board to represent the stakeholders under subsection 4(a),(b), (c) and (d).”

The justification is to enhance clarity.

MR OPOLOT ISIAGI: Clarification, Madam Chairperson. Can you give us the meaning of the words “traditional regions.” Can a region be traditional?

THE CHAIRPERSON: They are provided for in the Constitution.

MR OPOLOT ISIAGI: As traditional?

THE CHAIRPERSON: First check the First Schedule. Let us resolve one issue at a time. The First Schedule has Kampala and districts of Uganda. Bundibugyo and Kasese are in Rwenzori; Busia, Butaleja, Pallisa and Tororo in Bukedi and Abim, Kaabong, Kotido and Moroto in Karamoja. Mbale, Sironko and Manafwa are in Bugisu, Bukwo and Kapchorwa in Sebei while Adjumani and Moyo are in Madi - Should I read all?

MS AISHA KABANDA: Thank you, Madam Chairperson. The whole phrase needs clarification. When you say “a representative from any two of the regions”, I do not understand –

THE CHAIRPERSON: Two traditional regions.

MS AISHA KABANDA: Yes. There are several regions and so, I do not understand the phrase “a representative from any two of the traditional regions,” Can we get clarification?

THE CHAIRPERSON: Attorney-General, let us get clarification to that.

MR KIRYOWA KIWANUKA: Thank you, Madam Chairperson. There are 17 traditional regions but you can have two representatives for them –

THE CHAIRPERSON: Is it from any of the 17?

MR KIRYOWA KIWANUKA: They can come from anywhere.

MSAISHAKABANDA: Madam Chairperson, that is different. What the Attorney-General is talking about is different from what is written. When you say, “A representative from any of the 17,” it is different from a representative -

THE CHAIRPERSON: It is, two representatives from any of the 17 regions. Honourable members, until you all sit - first clarify.

MR KIRYOWA KIWANUKA: It says, “Two persons who shall be representatives of all the traditional regions of Uganda specified in the First Schedule of the Constitution.”

THE CHAIRPERSON: Honourable members, remember you have other representatives; people with disabilities, federations - So, when the minister is considering, they will look at who is coming from the federations or people with disabilities and then choose two from the traditional regions.

If the other aspects have not been covered, say Butambala, which is under Buganda, then the minister will pick someone where it has not been covered. There must be a balance; something of national character. Can I hear from the minister?

MR PETER OGWANG: Honourable colleagues, to make it clear, first of all, the board we are talking about has to go through a Cabinet process. There, all these matters are going to be taken into consideration specifically, what is specified in the law. *(Interjections)*

MS ALUM: Thank you, Madam Chairperson. You can see how contentious this issue is. I would like to request the minister –

THE CHAIRPERSON: This issue is not contentious. You are only failing to understand.

MS ALUM: Madam Chairperson, allow me to submit. I would like to request the minister to address our concern; he attempted to address it very well. He should put it very clear so that when we pass this law, we are assured that no region will be marginalised.

Secondly, regarding the issue of representation of the private sector, I would like to suggest that this should be someone who has an interest in the sports subsector. Thank you.

THE CHAIRPERSON: When you look at clause 32 (4)(f), Hon. Santa, it says “A person with the knowledge and experience in sports administration”. Why are you making noise? I am still attending to Hon. Santa - it says, “A person with experience in sports administration must be on the board.” So, your issue is answered.

Now, let me go to Hon. Patrick Oshabe.

MR NSAMBA OSHABE: Madam Chairperson, thank you very much –

THE CHAIRPERSON: Hon. Oshabe, are you a member of the committee?

MR OSHABE: Madam Chairperson, at Committee Stage rules allow me to -

THE CHAIRPERSON: I will come back to you, Hon. Oshabe. Let me first hear from him.

DR BWANIKA: Thank you, Madam Chairperson. The provision presupposes that someone is a representative, if they are to be Board members. How do you accrue representation when it is the minister who has appointed you from the region? That means you cease to be a representative. Those two members from the regions cannot be representatives; they are representing who? How do they become representatives when there is no process?

THE CHAIRPERSON: Can we first have that responded to?

MR KIRYOWA KIWANUKA: Thank you very much, Madam Chairperson. Madam Chairperson, we have agreed that there are seven Board members. We also have agreed that there are 17 regions. We have further agreed that there are representatives of athletes, representatives of the private sector, representatives of persons with knowledge, representatives of the National Sports Federation, and so we have 23. From these 23 interests, you must choose seven.

Therefore, when they say “a representative” the duty is placed upon the minister to say, “when you are bringing this particular person, what interest in the sports sector were you taking care of?” It could be a region because some region is left behind; it could be athletics; and it could be gender or disability.

What we are saying, colleagues, is that we are writing a law, which tries to create, within the seven members, everything that the minister must take into consideration. It may not be possible but we may be lucky; we may get an athlete who has experience in sports administration. That person may be from central region who is disabled and who is all these things, and that person may take care of those interests. But let us not imagine, colleagues that we can write seven members and take care of all the interests in the law.

THE CHAIRPERSON: Yes, Hon. Ssasaga?

MR SSASAGA: Thank you, Madam Chairperson –

THE CHAIRPERSON: Honourable members, is this the first time we are having a Board for the National Council of Sports? Why haven't you been complaining about the existing one? Yes, Hon. Ssasaga.

MR SSASAGA: Thank you, Madam Chairperson. I do not see a big challenge with this. Since we are talking about representatives to the Board from all the traditional regions, I thought these regions are going to have their representatives who come together to choose amongst themselves, the two or second two

or three people from whom the minister can appoint.

If that was a procedural issue, I believe that the region should come together, the way we do with other unions - the disabled and so forth, pick their representatives. The same way, these regions can sit and pick their representatives; two of them -

THE CHAIRPERSON: Honourable members, when clause 4 says: “The minister shall appoint members of the Board, taking in consideration the following:

1. The interest of the sports sector;
2. The stakeholders of the sports sector;
3. Persons with disability; and
4. Gender balance.

Why don't you have trust in your Executive? For Heaven's sake, why don't you, for once have trust in the Executive? Honourable minister, do you have a problem with this?

MR OGWANG: Madam Chairperson, at one time, I thought I would not be where I am but you are all coming to where I am. So, for that matter, I have no problem with that proposal. I thank you.

THE CHAIRPERSON: Can I hear from the sponsor of the motion?

MR MAGOGO: Madam Chairperson, first of all, to have a representative from the federations - these federations are geographically set up. The interests of the geography are taken care of in the federations. So, I support it the way it is. Thank you.

THE CHAIRPERSON: Thank you. [*Member: “Clarification”*] You people, when the authorities have talked, again what clarification? (*Laughter*)

Honourable members, I put the question that clause 32 be amended as proposed.

(Question put and agreed to.)

Clause 32, as amended, agreed to.

Clause 75

THE CHAIRPERSON: Yes, clause 75.

MR JOHN TWESIGYE: Madam Chairperson, we propose that clause 75 be deleted.

The justification is to ensure compliance with the Constitution of the Republic of Uganda and the Local Government Act, Cap. 243.

THE CHAIRPERSON: Honourable members, let me read for you clause 75 as it was in the Bill that is on public sports facilities.

Clause 75 reads as follows:

- (1) The land on which public sports facilities are situated and the public sports facilities thereon shall be vested in the council; and
- (2) The council shall not sell, lease, mortgage, or dispose of or otherwise deal with the land on which the public sports facilities are situated and public sports facilities that the land on which the public sports facilities are situated shall not be a subject of execution.

Can you give us the reason you want to delete it, and why did you suggest a deletion when this is the only clause that protects our land?

MR JOHN TWESIGYE: Madam Chairperson, as put in our report, our biggest worry was that: one, if we go by the President's proposal of bringing out that schedule as mentioned, it will indicate that these sports facilities are already taken over by National Council of Sports and this will lead to legal battles.

Secondly, when you read Article 26 of the Constitution - I did not want to go into details and the Local Government Act - you will really see that the Local Government as a legal

entity and together with the Uganda Land Commission have a right over their facilities and the land on which the facilities are located. Therefore, we were trying to avoid challenges that would come up against the council in case this is put in the law.

THE CHAIRPERSON: What challenge would we have if we left out the Schedule, and left the clause as it is? Committee chairperson, I am asking you.

MR JOHN TWESIGYE: Madam Chairperson, the challenge that we would have - I think the issue is taken care of in clause 75(2), which says, "The council shall not sell, lease, mortgage, dispose of or otherwise deal with land on which public sports facilities -

THE CHAIRPERSON: What I am saying is: assuming we do not bring in the Schedule as requested by the President, shall we have any challenge? I want my question to be answered. Yes, Attorney-General.

MR SSEWUNGU: Fortunately, being the acting Leader of the Opposition today yet I am a member of the Committee on Education and Sports, I am one of those people who were in support of having all these assets under the National Council of Sports. If you create that entity without assets and properties, what would be its work?

Secondly, the moment you delete that, you are going to facilitate theft of this land. If it has been stolen when there was no law, what will happen when it is not protected? Look at Namboole Stadium. Whenever we meet the officials from Namboole Stadium and ask who owns Namboole Stadium; there is nobody who owns Namboole Stadium. So -

THE CHAIRPERSON: There is a point of order from the committee chairperson.

MR JOHN TWESIGYE: Madam Chairperson, I feel a little bit constrained to move a point of order against a member of my committee. We communicated to all the Members on the WhatsApp group and via

SMS. I even tried reaching him using phone calls but his phone was not going through. He did not attend the meeting.

Is the Member, therefore, in order to raise a matter when he is supposed to have been in the committee meeting?

THE CHAIRPERSON: I think he is talking as the Leader of the Opposition? Yes, Attorney-General.

MR KIRYOWA KIWANUKA: Madam Chairperson, the question you asked is: if the Schedule is not added, would we have a problem with clause 75 as it stands currently in the Bill? I pray that Members be pleased to keep clause 75 as it is without a Schedule in the Act. The reason is that once we go through the processes of vesting land in the National Council of Sports, there must be a protection that makes sure that, that land cannot be alienated out of the National Council of Sports.

Therefore, we need clause 75 to be existent in order for you to protect that land under that Act. I beg to submit.

MR OGWANG: Madam Chairperson, I agree with the submission of the Attorney-General, in terms of us protecting the provision of clause 75 in the Bill. I thank you.

THE CHAIRPERSON: Committee chairperson?

MR JOHN TWESIGYE: Madam Chairperson, on behalf of the committee, I concede.

THE CHAIRPERSON: The mover?

MR MAGOGO: Madam Chairperson, as the mover of the Bill, I support that we keep clause 75 as it is.

MR BASALIRWA: Madam Chairperson, I support the position as moved by the learned Attorney-General, as the seconder of the Bill.

THE CHAIRPERSON: Thank you very much. I put the question that clause 75 stands part of the Bill.

(Question put and agreed to.)

Clause 75, agreed to.

Schedule 2

THE CHAIRPERSON: Yes, committee chairperson.

MRJOHNTWESIGYE: Madam Chairperson, the committee proposes that schedule 2 be amended by inserting immediately after the words “American Football” and the word “Archery”.

The justification is to include Archery as a sports discipline since it is recognised by the National Council of Sports.

THE CHAIRPERSON: Yes, minister.

MR OGWANG: Madam Chairperson, I agree with the committee’s submission.

THE CHAIRPERSON: Mover of the Bill.

MR MAGOGO: I agree with the submission.

MR OPOLOT-ISIAGI: Point of clarification.

THE CHAIRPERSON: There is a point of clarification sought from Hon. Opolot-Isiagi.

MR OPOLOT-ISIAGI: Madam Chairperson, I request the committee chairperson to give us the difference between the words “American football” and the word “Archery” so that we can understand how to have them as one.

MR OGWANG: Honourable members, first of all –

MR KAYEMBA: Thank you, Madam Chairperson. Hon. Opolot-Isiagi wants the committee chairperson to explain the difference between “American football” and “Archery”. Why is the minister coming in when we want the committee chairperson to explain?

THE CHAIRPERSON: No, it is a joint effort. Actually, shadow minister, can you explain?
(*Laughter*)

MR KAYEMBA: Madam Chairperson, let me pass it to the committee chairperson.
(*Laughter*)

MR OGWANG: Honourable members, first of all, most of these disciplines we are talking about are disciplines, which are played under the Olympics Games. For archery, there is a bow and an arrow, which is sharp and this game is normally played in Olympic Games.

American football is a common football game, which is played by Americans. As of now, it is one of the most popular sports in Uganda. I would like to say that the American people have set up an academy in Mpigi. As I speak, about 20 young Ugandan boys are being professionally trained. Actually they are already joining the National Football League of American Football in the United States of America. It is one of the highest paying football sports in the country. I thank you very much.

THE CHAIRPERSON: Hon. Opolot-Isiagi, is that what you wanted to hear?

MR OPOLOT-ISIAGI: I am very satisfied, Madam Chairperson. (*Laughter*)

THE CHAIRPERSON: Honourable members, I put the question that schedule 2 be amended as proposed.

(Question put and agreed to.)

Schedule 2, as amended, agreed to.

THE CHAIRPERSON: Ministers who are talking when we are passing your Bills – I can see Hon. Ogwang talking with his wife, Hon. Opendi Sarah. Hon. Ogwang married Hon. Sarah Opendi's sister.

MS OPENDI: Thank you very much, Madam Chairperson, for that clarification. He is my brother-in-law. (*Laughter*)

MOTION FOR THE HOUSE TO RESUME

3.28

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: Honourable members, I put the question that the House do resume and the Committee of the whole House reports thereto.

(Question put and agreed to.)

(The House resumed, the Speaker presiding.)

THE SPEAKER: Hon. Mpindi, when the Speaker is speaking, you sit down.

REPORT FROM THE COMMITTEE OF
THE WHOLE HOUSE

3.30

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Speaker, I beg to report that the Committee of the whole House has considered the National Sports Bill, 2023, as returned by His Excellency, the President, and passed it with amendments.

MOTION FOR ADOPTION OF THE
REPORT FROM THE COMMITTEE OF
THE WHOLE HOUSE

3.30

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Speaker, I beg to move that the House adopts the report of the Committee of the whole House.

THE SPEAKER: I put the question that the House adopts the report of the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE NATIONAL SPORTS BILL, 2023

THE SPEAKER: Bills third reading? We still have a quorum in place – 184 Members. Yes, honourable minister.

3.31

THE MINISTER OF STATE FOR EDUCATION AND SPORTS (SPORTS) (Mr Peter Ogwang): Madam Speaker, I beg to move that the Bill entitled, “The National Sports Bill, 2023,” as returned by His Excellency, the President, be read for the third time and do pass.

THE SPEAKER: I put the question that the National Sports Bill, 2023, as returned by His Excellency, the President, be read for the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT TITLED, “THE
NATIONAL SPORTS ACT, 2023.”

THE SPEAKER: Title settled and Bill passed. *(Applause)*

Honourable members, please, stay around; we must finish these Bills. You know that what is crucial is the quorum.

BILLS
SECOND READING

THE FINANCIAL INSTITUTIONS
(AMENDMENT) BILL, 2023

THE SPEAKER: Honourable members, you recall that on 20 June 2023, the Minister of Finance, Planning and Economic Development tabled six Bills, including the Financial Institutions (Amendment) Bill, 2023. The Bill is aimed at operationalising Islamic Banking services.

Pursuant to Rule 129 of the Rules of Procedure, I referred the Bill to the Committee on Finance, Planning and Economic Development and it is now ready for consideration. I now invite the minister to move a motion.

3.33

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move that the Bill entitled “The Financial Institutions (Amendment) Bill, 2023” be read for the second time.

THE SPEAKER: Is it seconded? *(Members rose_)* It is seconded by Hon. Bahati, Hon. Afidra, Hon. Faith, representative of the elderly, the Olympian, chairperson finance committee, chairperson ICT committee, Hon. Maximus, minister for education, Hon. Aisha Kabanda, Hon. Rose, Hon. Emmanuel, Professor, Hon. Linda, Hon. Wanda and Hon. Bumali Mpindi. *(Laughter)*

Hon. Bumali Mpindi, please, stand up; they want to see you. *(Laughter)* There are no young girls on this side. He is seated next to a young girl. *(Laughter)* Yes, honourable minister?

MR MUSASIZI: Madam Speaker, the Bill is intended to amend the Financial Institutions Act, 2004 by repealing section 115B(2), establishing the Central Shariah Advisory Council in the Central Bank because of the following reasons:

1. The requirement for the Central Shariah Advisory Council to approve products to be offered by the commercial banks create a conflict of interest for Bank of Uganda, which would later be expected to supervise the risk management framework of banks;
2. Bank of Uganda should restrict itself to assessing robustness of risk management frameworks, including Shariah compliance risk of banks using the risk-based supervision framework;

3. The Islamic Financial Services Board guidelines on Shariah governance require all Islamic commercial banks to have in place internal Shariah advisory boards. There is no requirement for a Central Shariah Advisory Council at the Central Bank – that is, it is not a prerequisite for the rollout of Islamic Banking;
4. The mandate to approve Islamic products to be offered by financial institutions overlaps the mandate of the Shariah advisory boards that are established at institutional level by section 115B; and
5. In terms of governance, it is not prudent for a regulator to approve products of financial institutions it regulates and supervises. Therefore, Bank of Uganda will approve Islamic products in accordance with the laws, but not approve the products.

Madam Speaker, with these justifications, I pray that the House considers the Bill and passes it without amendments. We presented this Bill to the committee and I am aware that they are ready to report back to the House.

THE SPEAKER: Thank you, honourable minister. Honourable members, having listened to the minister – also, aware that I am the one who assigned the work to the committee chairperson, it is my role to ask the committee chairperson to present the report; not the minister who is supposed to ask my chairperson to present.

So, committee chairperson, can you present? The chairperson is making his maiden speech. *(Applause)* So, there should be an exemption to that effect – because he has a very strong shadow minister. *(Laughter)*

3.38

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Thank you very much, Madam Speaker. In accordance with Rule 129 of the Rules of Procedure, the Bills were presented to the

committee. Allow me to lay minutes of the committee proceedings and the addenda that were presented to the committee.

THE SPEAKER: ... for which Bill? Is it for all the six Bills or for one Bill?

MR KANKUNDA: For all the five Bills.

THE SPEAKER: Can you read the five Bills?

MR KANKUNDA: Madam Speaker, I am laying minutes and addenda for The Excise Duty (Amendment) (No. 2) Bill, 2023; The Income Tax (Amendment) (No. 2) Bill, 2023; The Value Added Tax (Amendment) (No. 2) Bill, 2023 and the Financial Institutions (Amendment) Bill, 2023. I beg to lay.

THE SPEAKER: Thank you. Please lay.

MR KANKUNDA: Madam Speaker, the committee considered The Value-Added Tax (Amendment) (No.2) Bill, 2023 -

THE SPEAKER: Please, start with the Financial Institutions (Amendment) Bill, 2023.

MR KANKUNDA: The committee considered the Financial Institutions (Amendment) Bill, 2023 and I hereby report.

The Report of the Committee on Finance, Planning and Economic Development on the Financial Institutions (Amendment) Bill, 2023.

Introduction

The Financial Institutions (Amendment) Bill, 2023 was presented for the First Reading on 20 June 2023 in accordance with Rule 128 of Parliamentary Rules of Procedure. Subsequently, the Bill was referred to the Committee on Finance, Planning and Economic Development for examination in accordance with rule 129.

The Committee considered the Bill through consultations with different stakeholders, hence this report.

The object of this Bill is to amend the Financial Institutions Act, 2004 to repeal section 115B(2) establishing the Central Shariah Advisory Council.

Methodology

The committee held meetings and received memoranda from the following:

- i) The Minister of Finance, Planning and Economic Development(MFPED),
- ii) Uganda Revenue Authority (URA),
- iii) Micro-Finance Support Centre (MSC),
- iv) Bank of Uganda (BOU),
- v) Uganda Muslim Supreme Council (UMSC),
- vi) Uganda Muslim Lawyers Association (UMLA),
- vii) Uganda Law Society (ULS), and
- viii) Private Sector Foundation Uganda (PSFU).

Observations and Recommendations of the committee

Arising from the committee's interactions with the stakeholders as mentioned above, the committee made the following observations and recommendations:

4.1. Amendment of Section 115B(2) of Principal Act

The Bill seeks to repeal Section 115B(2) of the Financial Institutions Act, 2004 as amended in 2016.

Section 115B establishes both institutional Shari Advisory Boards with banks conducting Islamic Financial Business under 115B(1) and a Central Shariah Advisory Council in the Bank of Uganda under 115B(2).

The committee observed that the establishment of a Central Shariah Advisory Council in the amendment of the Principal Act in 2016 did not take into consideration the following:

- a) The best global practices. As of 2022, 13 out of 50 Islamic countries have a Central

Shariah Advisory Council (CSAC). Even then, CSACs have at their core mandate in those countries advising on monetary operations of the Central Bank, and not supervision of institutions undertaking Islamic financial business. Moreover, the countries, which undertake supervision such as Malaysia, have a national strategy to promote Islamic Banking, which cannot be duplicated in a secular jurisdiction like Uganda.

- b) The best regional practices. The Central Bank of Kenya, Bank of Tanzania and National Bank of Rwanda have all licensed and are supervising Islamic financial institutions in their jurisdictions but none has constituted a Central Shariah Advisory Council nor provided for its constitution in their legal frameworks. This leaves Uganda's CSAC an anomaly, which may create unnecessary impediments to any cooperation in the spirit of East African integration of both legislative and financial systems.

The committee further noted that the Islamic Financial Services Board (ISFB) has provided guidance on the operation of Shariah Advisory Boards (SABs) in the financial institutions, which the Bank of Uganda (BoU) can implement in its supervisory framework.

The IFSB, established in November 2002, is an International standard-setting body for prudential regulation to ensure the soundness and stability of the Islamic financial services industry, covering Islamic Banking and Islamic capital market. Uganda is a member of the IFSB and seeks to leverage this expertise for guidance in regulating this nascent industry until such a time when it has built the adequate capacity to re-enact it in the law.

The committee, therefore, noted the need to ensure adequate supervision of the institutional Shariah Advisory Boards by the Central Bank in order to avoid a lacuna in the supervision of compliance with Shariah principles.

The committee, therefore, proposes that the Council is maintained in the Act and an enabling provision be inserted to allow the minister to issue a statutory instrument for the establishment of the Council whenever they deem it fit.

Recommendations

The committee recommends that the Financial Institutions (Amendment) Bill, 2023 be passed into law with amendments.

Conclusion

Madam Speaker, the committee prays that the Financial Institutions (Amendment) Bill, 2023 be passed with the necessary amendments herein presented. I beg to submit. *(Applause)*

THE SPEAKER: Thank you, committee chairperson. Shadow minister, do you have a minority report?

3.47

MR MUWANGA KIVUMBI (NUP, Butambala County, Butambala): I have no minority report on this one and I have duly signed this report. I would love that this also gets restricted debate because at the committee level, we have harmonised and have a unified voice. I beg your indulgence.

THE SPEAKER: Thank you. Honourable minister, you have heard the report. Do you have anything to comment?

3.48

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Thank you, Madam Speaker. I have heard the report. The recommendations of the committee substantially or completely defeat our object of the Bill. I pray that the House declines their recommendations and maintains our position.

3.49

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Madam Speaker, I have listened to the report and the recommendations being

made therein. However, I suspect we may run into a problem because the section that we want to repeal from the Act says, “there shall be a Central Advisory Council in the Bank of Uganda to advise the Bank of Uganda on matters of regulation and supervision of Islamic Banking and approve any products to be offered by financial institutions conducting Islamic Banking”.

First of all, the Bank of Uganda should never determine the business model of any commercial institution. It should never sit and tell you what kind of products you should send to your customers. It should sit outside to determine whether that product is safe for the customers, it is safe for the financial institution. Now, if the Bank of Uganda is going to sit and tell the bank to issue a given product, then who will protect the customers?

MR SSEWUNGU: I accept what you are saying.

THE CHAIRPERSON: Honourable members, we are looking at Islamic Banking services as a service. When we are looking at looking at it as a service; you are now saying, we should have a Central Advisory Shariah Board at the Bank of Uganda at Bank. An Islamic Banking service is like any other service. Just like you have agricultural banking services - you have a number of them. Are we going to have the central bank have all those boards? Why are you frustrating - and I do not want people who are frustrating Islamic Banking? I know people have been lobbied - I want to put this on record. People have been lobbied not to allow this Islamic Banking to go through, including myself, but we must pass it. *(Applause)*

We have one Board in the Bank of Uganda. We have boards in commercial banks. I am now talking as a former banker for 15 years. In the commercial banks that we have, this Islamic Banking service is going to be one of the services, one of the products. We need to understand this thing and not just put a perspective- that you know, we need to be managed by the Central Bank. The Central Bank is a regulator while commercial banks do

operations. The one who is going to contribute must contribute something credible.

Hon. Katuntu you looked at the Bank of Uganda, tell us. If we are to do that, we first amend the Bank of Uganda Act and the Bank of Uganda Act is not here. So, if we are to do that, we first amend the Bank of Uganda Act under section 4, functions of Bank of Uganda.

3.53

MR ABDU KATUNTU (Independent, Bugweri County, Bugweri): Thank you, Madam Speaker. I think you start from the Bank of Uganda Act because it is the one that creates the institution you wish to create organs. Does the Bank of Uganda Act that creates that institution create any organ in the Bank of Uganda? It does not. The Bank of Uganda already has its structure, from the board, the Governor, Deputy Governor, Executive Directors and Directors.

When you talk about what they call bank supervision department, you have got sub-departments within that. One of them is commercial banking and it even has a Director Commercial Banking. It is not created by an Act of Parliament, because you have to leave the Bank of Uganda structures to work. How do you make them work by now prescribing - there is only one law, which is going to prescribe any organ of Bank of Uganda. There is not any, other than the Bank of Uganda board, headed by the Governor and Deputy Governor.

I do not know whether we seriously thought about some of those proposals. What you would need is just a department with well-qualified people to man it. That is the only thing you need.

THE CHAIRPERSON: But that should come under regulations.

MR KATUNTU: It can only come under regulations. It cannot come under the substantive law. That will be under the regulations and then bank of Uganda through its structure, what we call bank supervision, they can create sub-departments in charge of

Islamic Banking. Creating a specific organ of the Bank of Uganda, outside the Bank of Uganda structure causes a lot of confusion and problems. Thank you.

THE CHAIRPERSON: Thank you.

3.55

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County Butambala): Madam Speaker, I have listened carefully to Hon. Abdul Katuntu and the opinion of the minister. The impression that we are creating is that this advisory board - was created a long time ago - 7 years ago. I guess the current Minister of Finance, Planning and Economic Development was the chairperson of the committee then.

If there were anomalies committed, he must first concede and apologise. If we were to go by the submission of Hon. Abdul Katuntu, the impression Hon. Abdul Katuntu was giving was that in this amendment, we are creating this council. No. The amendment is intended to remove the provision that creates this advisory board.

THE SPEAKER: You are removing 2(b) which removes from the Central Bank.

MR MUWANGA KIVUMBI: Yes.

THE CHAIRPERSON: And maintains the one of the commercial banks.

MR MUWANGA KIVUMBI: No. Mr Omara be calm on this matter *-(Laughter)-* Uganda will not go away. So, the impression is first, that the law exists. We want to amend it and delete it. That is the intention of this provision.

Now, the Bank of Uganda appeared before the committee, Madam Chairperson. You are speaking about a product that is unique in its nature and is based on Shariah Law and because it is based on Shariah law, it has peculiar interpretations that in ordinary conventional banking normal practices are not regularly found.

Therefore, the framers of the law then, had created just advisory an advisory council and this is its composition; the chairperson of that advisory council is the Governor Bank of Uganda, the Secretary to it, is the secretary of the legal department, supervision of bank is a member of that board and two Islamic scholars to advise on the products called Islamic financing. On the face of it, it is not harmful.

Now, what the committee has done, and the Central Bank when it appeared before, it did not say that forever, that advisory board will never be needed. What we have done as a committee is;

1. Put this provision in abeyance because if the minister feels he does not want to implement it forever, he will never implement it. However, if a need arises, there will not be a need to come back to Parliament to amend and reinsert the same provision that we removed the other year and that is why we are carrying to everybody's interest on board.

THE CHAIRPERSON: There is information from Hajji Katuntu.

MR KATUNTU: We cannot legislate-.

MR KIRYOWA KIWANUKA: Madam Speaker, we will never legislate in that way and make the Bank of Uganda create a product - Imagine if the Bank of Uganda created a product and people lost money, who will you blame? We will never.

Secondly, we do not do that for conventional banking. If Bank of Uganda does not approve products for the type of banking, which is not Islamic, won't we be discriminating? Won't it be against the law?

MR KATUNTU: Let us make this clear, Hon. Muwanga Kivumbi. Products are for the commercial banks -

THE SPEAKER: And they are managed by the Director of Commercial Banking.

MR KATUNTU: If you do a good product, you make more money. If you do a bad product, you lose money. The Bank of Uganda, as a regulator, cannot give a product. It cannot be.

Secondly, from your argument, you wish this House to legislate in anticipation that should the need arise in the future - But we cannot legislate in that way. We legislate to cure a mischief. We cannot just anticipate that in the future, they will need this. If there is need for it in the future, they will come here and get the legal framework for that need.

THE SPEAKER: Honourable members -

MR MUWANGA KIVUMBI: If it is the opinion of the House - That was the position of the committee but the committee works on behalf of Parliament so let us go to the Committee Stage -

THE SPEAKER: Move a motion.

MR MUWANGA KIVUMBI: I move a motion that we proceed to Committee Stage.

THE SPEAKER: It is seconded by Hon. Omara, Hajji Asuman, the chairperson of the committee, Hajji Nsegumire, Hajjat Najjuma, Hajji Magogo, Hajji Hassan, Hajji Katuntu; all the hajjis. We still have quorum of 180.

I now put the question that, The Financial Institutions (Amendment) Bill, 2023 be read for the second time.

(Question put and agreed to.)

BILLS COMMITTEE STAGE

THE FINANCIAL INSTITUTIONS (AMENDMENT) BILL, 2023

Clause 1

THE CHAIRPERSON: Leader of the Opposition, when you - On which clause is that?

MR SSEWUNGU: No, mine was before the Committee Stage so I can move with the committee.

THE CHAIRPERSON: Honourable members, I do not know whether everybody is on board on this issue. I want Members to understand that we have four tiers in the banking sector. We have Tiers 1 and 2, which are commercial banks. We have Tier 3, those are the MDIs, which law we just passed. We also operationalised their regulations for Islamic Banking. Then Tier 4 is where we have the SACCOs.

What we are doing today is making an amendment to the existing Financial Institutions Act for us to operationalise the operation of Islamic Banking. In addition, we are now saying that since all other commercial banks have their boards in place, we cannot discriminate and have the Shariah Board in the Bank of Uganda because the Bank of Uganda's work is to monitor the operations of other commercial banks. It is as simple as that.

4.05

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Chairperson, the committee had a position. However, given the discussions in the House, I hereby concede.

THE CHAIRPERSON: Thank you.

MR MUSASIZI: Madam Chairperson, I want to thank the chairperson of the committee for conceding. This means that our proposal stands and since it is a one-clause Bill, I beg that you put the question.

THE CHAIRPERSON: Honourable members, I put the question that clause 1 stands as part of the Bill.

(Question put and agreed to.)

Title, agreed to.

MOTION FOR THE HOUSE TO RESUME

4.05

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: I put the question that the House resumes and the Committee of the whole House reports thereto.

(Question put and agreed to.)

REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

THE SPEAKER: Honourable minister.

4.06

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, "The Financial Institutions (Amendment) Bill, 2023" and passed it with no amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

THE SPEAKER: Minister.

4.07

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report of the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

(Amendment) (No.2) Bill, 2023” be read for the second time.

BILLS
THIRD READING

THE FINANCIAL INSTITUTIONS
(AMENDMENT) ACT, 2023

THE SPEAKER: We still have quorum of 180.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by Hon. Ogwang, Hon. Acon, UPDF Representative, Hon. Kivumbi, Hon. Asuman, Hon. Hassan, Member for Bukoto County East, Dr Bwanika, Hon. Aisha, Hon. Okot, Hon. Adome, Hon. Stephen, Hon. Apolot, all the loyal guards –(*Laughter*) – by the whole House, Members.

4.08

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move that the Bill entitled, “The Financial Institutions (Amendment) Bill, 2023” be read for the third time and do pass.

Yes, honourable minister?

THE SPEAKER: Honourable members, I put the question that, “The Financial Institutions (Amendment) Bill, 2023” be read a third time and do pass.

MR MUSASIZI: Thank you, Madam Speaker. The Bill is intended to amend the Excise Duty Act, 2014, in Schedule 2, to substitute item 14 to provide for a 15 per cent excise duty on ledger fees, ATM fees, withdrawal fees, periodic charges and other transaction and non-transaction charges, excluding loans or the equivalent under Islamic Banking-related charges periodically charged by financial institutions or microfinance deposit-taking institutions.

(Question put and agreed to.)

A BILL FOR AN ACT TITLED
“THE FINANCIAL INSTITUTIONS
(AMENDMENT) ACT, 2023”

We are doing this because we intend to provide for equal tax treatment of Islamic products related to charges on ledger fees, withdrawal fees, etcetera, to ensure parity with the equivalent products under conventional banking.

THE SPEAKER: Bill passed and title settled. Congratulations. Hajji Kivumbi, congratulations. Next item. Honourable members, the other small Bills are consequential to what we have just passed.

The proposed amendment does not affect the rate, which is 15 per cent of the fees charged. I submit.

BILLS
SECOND READING

THE EXCISE DUTY (AMENDMENT)
(NO.2) BILL, 2023

THE SPEAKER: Thank you. Committee chairperson?

THE SPEAKER: Honourable minister?

4.12

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Speaker -

4.10

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move that the Bill entitled “The Excise Duty

THE SPEAKER: Just give us your recommendations.

MR KANKUNDA: The committee considered this Bill and we hereby recommend that the

Excise Duty (Amendment) (No.2) Bill, 2023 be passed into law with the proposed amendments

–

THE SPEAKER: Which amendments – what the minister is saying? Hon. Kivumbi?

4.13

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, as I have said, for the rest of the Bills, I do not even need to stand. We have no objection; we fully agree with what the Government brought and what the committee has processed.

THE SPEAKER: Move a motion.

MR MUWANGA-KIVUMBI: I move a motion that the House goes to Committee Stage.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by the whole House.

I put the question that the Excise Duty (Amendment) (No.2) Bill, 2023 be read the second time. As I said, we have quorum.

(Question put and agreed to.)

BILLS COMMITTEE STAGE

THE EXCISE DUTY (AMENDMENT) (NO.2) BILL, 2023

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

The Title, agreed to.

MOTION FOR THE HOUSE TO RESUME

4.15

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Chairperson, I beg to move a motion that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: I put the question that the House do resume and the Committee of the whole House reports thereto.

(Question put and agreed to.)

(The House resumed, the Speaker presiding.)

REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

THE SPEAKER: Honourable minister?

4.16

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled, “The Excise Duty (Amendment) (No.2) Bill, 2023” and passed it with no amendments.

MOTION FOR ADOPTION OF THE REPORT OF THE COMMITTEE OF THE WHOLE HOUSE

THE SPEAKER: Honourable minister?

4.17

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report of the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE EXCISE DUTY (AMENDMENT)
(NO.2) BILL, 2023

THE SPEAKER: Honourable minister?

4.18

**THE MINISTER OF STATE FOR
FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT (GENERAL DUTIES)**

(Mr Henry Musasizi): Madam Speaker, I beg to move that “The Excise Duty (Amendment) (No.2) Bill, 2023” be read for the third time and do pass.

THE SPEAKER: I put the question that the Excise Duty (Amendment) (No. 2) Bill, 2023 be read the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED, “THE
EXCISE DUTY (AMENDMENT) (NO.2)
ACT, 2023”

THE SPEAKER: Bill passed and title settled.
(Applause)

BILLS
SECOND READING

THE STAMP DUTY (AMENDMENT) BILL,
2023

THE SPEAKER: Honourable minister?

4.19

**THE MINISTER OF STATE FOR
FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT (GENERAL DUTIES)**

(Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the Stamp Duty (Amendment) Bill, 2023 be read for the second time.

THE SPEAKER: Is it seconded? *(Members rose)* It is seconded by Hon. Christine, Hon. Amero, Hon. Akamba, Gen. Elwelu – by the whole House. Can you speak to your motion?

MR MUSASIZI: Thank you, Madam Speaker. This Bill is intended to amend the Stamp Duty Act, 2014 to provide for equivalent stamp duty treatment of instruments under Islamic financial business to conventional instruments under the financial services.

I submit, Madam Speaker.

THE SPEAKER: Thank you. Committee chairperson?

4.20

**THE CHAIRPERSON, COMMITTEE ON
FINANCE, PLANNING AND ECONOMIC
DEVELOPMENT (Mr Amos Kankunda):**

Madam Speaker, as you guided earlier, allow me to go straight to the observations and recommendations of the committee.

1. The committee observes that the object of the Bill, as presented, does not specifically provide for Takaful business. The committee noted that this is an oversight, given that the Takaful forms part of the objects of the Bill as evidenced under the various clauses therein, including clauses 1, 2 and 4.
2. The committee further observes that, while referencing the Islamic bonds, it is not clear what purpose the bonds were meant to serve. The committee, therefore, inserts the words “issuing or purchasing” for the Islamic bonds to provide clarity for the purpose of the bonds.

Therefore, the committee recommends that the Bill be passed with the above mentioned amendments.

In conclusion, Madam Speaker, the committee prays that the Stamp Duty (Amendment) Bill, 2023 be passed with amendments as herein presented. Thank you.

4.21

MR MUWANGA KIVUMBI (NUP, Butambala County, Butambala): Madam Speaker, we have no objection and we fully agree with the committee's report.

THE SPEAKER: Motion.

MR MUWANGA KIVUMBI: Madam Speaker, I move that the question be put and the House moves to the Committee of the whole House.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by Hon. Asuman Basalirwa, Hon. Aisha, Hon. Kiryowa Kiwanuka and the whole House.

I now put the question that the Stamp Duty (Amendment) Bill, 2023 be read for the second time.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE STAMP DUTY (AMENDMENT) BILL,
2023

THE CHAIRPERSON: Here are Members who, when the Speaker stands up and you are supposed to stand up, you remain seated. I will chase you out of this House. (*Laughter*) If you cannot stand up, get out of the House.

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands part of the Bill.

(Question put and agreed to.)

Clause 1, agreed to.

Clause 2, agreed to.

Clause 3, agreed to.

Clause 4

4.23

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Chairperson, the committee proposes the amendments on the Stamp Duty (Amendment) Bill, 2023 under clause 4 as follows:

“(a) In paragraph (a) by substituting for item 5, the following;

“(5) Agreement or Memorandum of the agreement except a sale-based financing agreement between the vendor or borrower and a person licensed to carry out Islamic financial business.”

(b) In paragraph (b) by inserting immediately before the words, “an Islamic bond,” the words, “issuing or purchasing.”

(c) In paragraph (c), by inserting immediately before the words “an Islamic bond”, the words, “issuing or purchasing.”

(d) In paragraph (d), by inserting immediately before the words, “an Islamic bond,” the words, “issuing or purchasing.”

(e) In paragraph (e), by inserting immediately before the words, “an Islamic bond,” the words, “issuing or purchasing.” and

(f) In paragraph (f), by inserting immediately before the words, “an Islamic bond,” the words, “issuing or purchasing.””

Justification

(1) To provide clarity for the agreement exempted from paying stamp duty in paragraph (a); and

(2) To provide clarity on the purpose of the Islamic bond in paragraph (b) to (f). I beg to move.

MR MUSASIZI: Madam Chairperson, I agree with the committee.

MR MUWANGA KIVUMBI: Madam Chairperson, we agree with the committee.

THE CHAIRPERSON: I put the question that clause 4 be amended as proposed.

(Question put and agreed to.)

Clause 4, as amended, agreed to.

The Title

THE CHAIRPERSON: I put the question that the title stands part of the Bill.

(Question put and agreed to.)

The Title, agreed to.

MOTION FOR THE HOUSE TO RESUME

4.25

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Chairperson, I beg to move that the House does resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: I put the question that the House resumes and the Committee of the whole House reports thereto.

(Question put and agreed to.)

(The House resumed, the Speaker presiding.)

REPORT FROM THE COMMITTEE OF
THE WHOLE HOUSE

4.26

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to report that the Committee of the whole

House has considered the Bill entitled, "The Stamp Duty (Amendment) Bill, 2023" and passed it with amendments.

THE SPEAKER: Thank you.

MOTION FOR THE ADOPTION OF THE
REPORT OF THE COMMITTEE OF THE
WHOLE HOUSE

4.27

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report of the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE STAMP DUTY (AMENDMENT)
BILL, 2023

THE SPEAKER: We still have quorum of 180 Members.

4.28

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move that the Stamp Duty (Amendment) Bill, 2023 be read for the third time and do pass.

THE SPEAKER: I put the question that the Stamp Duty (Amendment) Bill, 2023 be read for the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT ENTITLED, “THE STAMP DUTY (AMENDMENT) ACT, 2023”

THE SPEAKER: Bill passed and title settled. *(Applause)*

BILLS
SECOND READING

THE INCOME TAX (AMENDMENT)
(NO.2) BILL, 2023

4.29

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the Income Tax (Amendment) (No.2) Bill, 2023 be read for the second time.

THE SPEAKER: Is it seconded? *(Members rose_)* It is seconded by the whole House. Can you speak to your Bill.

4.30

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, the object of this Bill is to amend the Income Tax Act, Cap. 340 to provide for equivalent tax treatment of Islamic Financial Business and Takaful Business to conventional financial services or insurance business. I submit.

4.31

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda): Madam Speaker, as earlier guided, allow me to go straight to the observations and recommendations of the committee.

Arising from the committee’s interaction with the stakeholders, the committee made the following observations and recommendations.

That clause 1(c) - Amendment of section 2 of the Principal Act to define “interest”.

Clause 1(c) seeks to amend Section 2(kk) of the principal Act by replacing the interpretation of the word “interest” to include various financial benefits within the products and services available under Islamic financial businesses such as discounts and premiums made under sale-based financing or lease-based financing, any payments as the excess of the total amount paid by the bond issuer over and above the amount received from a bond holder, and a partner’s share of the partnership income derived from a partnership arrangement under Islamic Banking.

The committee noted that the amendment shall provide for equivalent treatment of Islamic financial and Takaful businesses to conventional financial services of insurance businesses.

The committee further observes the following:

- i. Given the need to comply with Shariah law, Islamic banks are prohibited from undertaking transactions based on a fixed or predetermined rate of interest. This gives rise to the usage of contracts, whereby interest rates are replaced by:
 - a. A rate of return that is determined *ex-post*, on the basis of actual profits accrued from profit and loss sharing arrangements for investment in the real sector;
 - b. A mark-up determined, based on a benchmark rate of return, such as the London Inter-Bank Offered Rate (LIBOR), for the purchase and resale of goods and services; and
 - c. The provision of services at a fee.
- ii. Further, the use of the word “interest” in the Islamic financial business is likely to cause confusion among customers. This is because the word “interest” does not apply to Shariah law and, to the contrary, is seen as repugnant to its fundamental proposition. Instead, it is proposed that the word “interest” be replaced with the word “profit”.

The committee, therefore, proposes that the word “interest” be replaced with the words “return on investment” within the context of Islamic financial banking.

The committee, therefore, recommends the following:

1. The word “interest” be replaced with the words “return on investment” under Clause 1 of the bill, amending Section 2kk of the principal Act.

Clause 12: Recharacterisation of arrangement under Islamic financial business.

The amendment seeks to recharacterise any arrangements under Islamic financial businesses not provided for under the Act, to ensure that it is covered by any equivalent arrangement under conventional financial services, for purposes of reflecting the equivalent economic services, other than form.

The provision empowers the Commissioner-General to undertake the recharacterisation, in accordance with Shariah law. The committee observes the following:

1. It is proposed that the Commissioner-General’s powers should be deterred by amending the provision to include the need for the Commissioner-General to consult with experts on the Shariah law, including the Uganda Muslim Supreme Council, and the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The AAOIFI is an Islamic international autonomous, non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry;
2. The committee, however, noted that the provision under Clause 12 already deters the powers of the Commissioner-General for the purposes of recharacterising Islamic financial businesses. Clause 2 of the proposed Section 163A specifically states that “The Commissioner-General

shall comply with the Shariah principles in recognising an arrangement and Islamic financial businesses not provided for under this Act.”

3. The committee observes that the use of the word “shall” restricts the exercise of recharacterising any arrangement under Islamic financial business by the Commissioner-General to only that, which is acceptable under the principles of Shariah. Any further specification of the law may limit the Commissioner-General to only those entities mentioned, which may limit the implementation of the law itself.

The committee, therefore, recommends that Clause 12 be maintained in the Bill.

Madam Speaker, the committee prays that the Income Tax (Amendment) (No.2) Bill, 2023 be passed with amendments, as presented herein. I beg to move. *(Applause)*

THE SPEAKER: Thank you, honourable chairperson. Minister?

4.35

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I want to thank the committee for considering the Bill. I, however, have a concern that the committee is proposing amendments within this Bill, which I am just seeing here now.

With this, Madam Speaker, I beg that the House –

THE SPEAKER: Which amendments are those? Were they part of the original Bill?

MR MUSASIZI: No.

THE SPEAKER: Can we look at what was in the original bill?

MR MUSASIZI: The original Bill I presented to the committee is here with me and whatever

they are proposing to insert are completely new. I am just seeing them now; I am unable to even form an opinion about them.

THE SPEAKER: Honourable members, you know it is our rules. It is by law that you cannot just smuggle in an amendment at Committee Stage on what was not there. That is what failed the Legal Aid Bill. Attorney-General?

4.36

THE ATTORNEY-GENERAL (Mr Kiryowa Kiwanuka): Madam Speaker, we may want to confer. We can have a discussion with the committee; I have just had a discussion with Hon. Omara, while the chairperson was here. What happened is that when they were addressing the amendment to the bill, the thought went more towards Islamic Banking, whereas this Income Tax Act addresses both conventional banking and Islamic Banking.

When you are reading the definitions that you need to make here, you need to take into consideration that that clause will affect both conventional banking and Islamic Banking. So, if you change, for example, the definition of interest and call it “return on investment”, then you will not find that available in conventional banking. So, you will end up not taxing conventional banking.

When you look at what they have defined here in Clauses 5 and 7, they are already in Clauses 1 to 4. So, the bill covers all the aspects that they have provided for and I have just shared it with Hon. Omara.

I propose, Madam Speaker and Members, that the Bill stands as was presented by the Government. I beg to submit.

THE SPEAKER: It is also a known fact that Islamic Banking does not charge interest. It is a known fact.

MR KIRYOWA KIWANUKA: Madam Speaker, what happened is that the Income Tax Act, as it were, had provided for interest and it had provided that there will be taxes on interest. When you get to Islamic Banking, it does not

charge interest. So, in the amendment that is proposed by the minister, it says, “Interest shall include any payment in excess of the total”.

When you do Islamic Banking, it is the excess that you are paying more. It is what you have done to define it in legal terms as “interest” but is not interest. So, when you go to Section 2(kk), it will be a return on investment.

THE SPEAKER: Honourable members, when you look at clause 1 of the Bill, it gives you the definition of interest and in the definition, it also gives you the definition of Islamic Banking vis-a-vis the conventional banking. It should not be a problem.

MR KANKUNDA: Madam Chairperson, having seen this explanation, because the committee’s concern was about the word “interest”, I hereby concede.

THE SPEAKER: Hon. Members, when you see this kind of amendment, it is a dual approach; it looks at both of them. Which amendments were there in the first Bill that you presented and which ones were not there? Let us first look at that.

4.39

MR JOSEPH SSEWUNGU (NUP, Kalungu West County, Kalungu): Madam Speaker, whatever I said before Parliament is recorded in the *Hansard*. We have heard the Chair reading the report and the minister is saying, he is seeing new amendments that were not within the original Bill. This must be dispelled; whether both sides have brought amendments that were not part of the original Bill.

MR KIWANUKA KIRYOWA: For clarification of the record, there is no new item that has been brought in the Bill. The committee only sought to clarify the provision that had been brought by the minister. They were all provided for.

MR SSEWUNGU: Attorney-General, thank you for responding on behalf of the minister. However, we have to expunge his statement because he is conceding. I am seeking the

Speaker's indulgence before we go ahead because he is conceding on what you disagreed with.

THE SPEAKER: He says there was an expansion not an introduction. He is the legal adviser.

MR SSEWUNGU: Madam Speaker, the minister stated here that he is seeing something new and you are the one who brought that Act, by the way. You were the chairperson of that committee at that time and now you are running away from your former responsibility. Withdraw what you stated before so that it goes off the record.

THE SPEAKER: Both of you take your seats. The legal adviser has clarified.

4.41

MS AISHA KABANDA (NUP, Woman Representative, Butambala): Thank you, Madam Speaker. We legislate for the people and not for ourselves. In the understanding of the Muslim community, the word "interest" is *riba* and to them, *riba* is forbidden. Whatever definition we shall give it - We have been labouring to persuade them to take loans, telling them that this is not the other interest but if they have called it interest then it is interest.

I persuade colleagues not to define what we know as "internal rate of return" as "interest" because we shall have made it *riba*. We should say, the commissioner will charge on interest and also charge on internal rate of return as this will settle people's minds. We legislate for those people and their understanding is that interest is *riba*. Whichever other definition we give them will not satisfy them as long it is written as interest because interest is forbidden in Islam.

4.43

MR ASUMAN BASALIRWA (JEEMA, Bugiri Municipality, Bugiri): Madam Speaker, it is important that this matter be put in its proper context and Chairperson, I want you to help with the concept of Islamic

Banking. In the original Act - and I am glad the Attorney-General has given clarification - there is nothing new being introduced. They are trying to sever by creating a definition on "return on investment" so that there is a clear distinction between "interest" and "return on investment". The moment you use interest, you are now running counter to the principle of Islamic Banking. Interest has remained in conventional banking and in the law. They are only distinguishing -

What happened under the definition of interest is, they had included interest as we understand it and elements of Islamic Baking, which was a problem. What the committee is saying is, let interest remain in the original law as it were. In addition, these other aspects that touch on Shariah should be defined under what we call "return on investment" so that the two are separate. I think moving in that direction is going to help the entire concept of Islamic Banking. Otherwise, there is nothing new being introduced apart from creating a distinction.

THE SPEAKER: Attorney-General, do you have any problem with Islamic Banking calling the benefit they get as a return on investment? If there is no problem then why not?

MR KIRYOWA KIWANUKA: Madam Speaker, there is no problem. I think it is the risk that we are dealing with. For compromise, I was discussing with Hon. Omara and he was saying, if we defined interest and/or return on investment to mean this - Because you know we have an existing legal regime under which banks are being taxed and when you try to separate them - You see, Islamic banking is a product inside a bank.

THE SPEAKER: Hon. Members, I want to interest you in clause 1. Look at (kk) which states, "Interest includes..." Can't we say, "Interest or return on investment includes..." It would cover both.

MR KIRYOWA KIWANUKA: In drafting form, it will cover both aspects.

THE SPEAKER: Hon. Aisha, is that okay?

4.46

MR MUHAMMAD MUWANGA KIVUMBI (NUP, Butambala County, Butambala):

Madam Speaker, this issue is at the core because you are talking about interest and in Islam, it is *riba*. When you mention interest, you fail the entire principle.

THE SPEAKER: We are now covering both conventional banking and Islamic banking.

MR MUWANGA KIVUMBI: When you want a definition written that way - What they have done in the committee amendments is, they have left the conventional provision as is and then provided definitions under Islamic banking. Those that are not under Islamic banking will go by the definitions in the Act. This amendment is specific and I would appeal to the Attorney-General and the minister to reflect closely and buy-in with what the committee did.

MR SSEWUNGU: I want to find out from the Attorney-General because we might use semantics and at the end of the day, it is interest. What is the difference between return on investment and interest?

THE CHAIRPERSON: Honourable members, this is a very important Bill. I ask the Government to harmonise with the committee and come up with a harmonised position. *(Applause)* So, we are standing over this. We will handle this on Thursday.

MR MUSASIZI: Madam Speaker, we accept your wise guidance. We will go back, harmonise and come back with an agreeable position.

BILLS

SECOND READING

THE VALUE ADDED TAX (AMENDMENT)
(NO.2) BILL, 2023

4.50

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES)

(Mr Henry Musasizi): Madam Speaker, I beg to move that the Bill entitled, "The Value Added Tax (Amendment) (No.2) Bill, 2023" be read for the second time.

THE SPEAKER: Is it seconded. *(Members rose)* It is seconded by the whole House.

Honourable minister?

MR MUSASIZI: Madam Speaker, the object of this Bill is to amend the Value Added Tax (Amendment) Act, Cap. 349, to provide for an equivalent treatment of Islamic financial business to conventional financial services.

I submit, Madam Speaker.

4.51

THE CHAIRPERSON, COMMITTEE ON FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (Mr Amos Kankunda):

Madam Speaker, the committee observed that the amendments seek to re-align the determination of time of supply of goods under conventional banking and Islamic financial business, treatment of credit for the input tax and filing of the tax return for VAT.

Therefore, the committee recommends that the Value Added Tax (Amendment) (No.2) Bill 2023 be passed into law. I beg to move.

4.52

MR MUHAMMAD MUWANGA-KIVUMBI (NUP, Butambala County Butambala):

Madam Speaker, we have no objection and I move that you put the question and the House moves to Committee Stage.

THE SPEAKER: Is it seconded? (*Members rose*) It is seconded by the whole House.

I now put the question that the Value Added Tax (Amendment) (No.2) Bill, 2023 be read a second time.

(Question put and agreed to.)

BILLS
COMMITTEE STAGE

THE VALUE ADDED TAX (AMENDMENT)
(NO.2) BILL, 2023

Clause 1

THE CHAIRPERSON: I put the question that clause 1 stands part of Bill.

Clause 1, agreed to.

Clause 2, agreed to.

Clause 3, agreed to.

Clause 4, agreed to.

Clause 5, agreed to.

Clause 6, agreed to.

The title, agreed to.

MOTION FOR THE HOUSE TO RESUME

4.54

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Chairperson, I beg to move that the House do resume and the Committee of the whole House reports thereto.

THE CHAIRPERSON: I put the question that the House resumes and the Committee of the whole house reports thereto.

(The House resumed, the Speaker presiding.)

REPORT OF THE COMMITTEE OF THE
WHOLE HOUSE

4.54

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to report that the Committee of the whole House has considered the Bill entitled “The Value Added Tax (Amendment) (No.2) Bill, 2023” and passed it without amendments.

MOTION FOR ADOPTION OF THE
REPORT OF THE COMMITTEE OF THE
WHOLE HOUSE

4.55

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that the report from the Committee of the Whole House be adopted.

THE SPEAKER: I put the question that the House adopts the report of the Committee of the whole House.

(Question put and agreed to.)

Report adopted.

BILLS
THIRD READING

THE VALUE ADDED TAX (AMENDMENT)
(NO.2) BILL, 2023.

THE SPEAKER: Bills third reading? We still have quorum.

4.55

THE MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC DEVELOPMENT (GENERAL DUTIES) (Mr Henry Musasizi): Madam Speaker, I beg to move a motion that “The Value Added Tax (Amendment) (No.2) Bill, 2023” be read for the third time and do pass.

THE SPEAKER: I put the question that “The Value Added Tax (Amendment) (No.2) Bill, 2023” be read the third time and do pass.

(Question put and agreed to.)

A BILL FOR AN ACT TITLED, “THE VALUE ADDED TAX (AMENDMENT) (NO.2) ACT, 2023”.

THE SPEAKER: Bill passed and title settled.
(Applause)

Honourable members, as I said before, in the education committee, there are members whom I did not get an apology from – those who did not sign the report. Equally, in the finance committee, I want to understand why members did not sign the committee report. If you did not sign the report, it means you did not attend – and I did not get any apology from anyone. I need a written explanation.

We agreed that the third session is for work. I need a written explanation to that effect.

I congratulate Hon. Amos upon his maiden Bills. *(Applause)*

Hon. Muwanga, we thank you so much for this work. *(Applause)* I know you guided the committee.

We will handle what we have stood over – the Income Tax Bill – on Thursday, plus the foreign exchange. - I am saying, we will handle the foreign exchange and income tax on Thursday, *Inshallah*.

We want all the Bills that are outstanding in the House. Once again, I want to wish the Muslim community - I have given you a present for *Eid*, this Parliament has given you a present -*(Applause)* the present that we have given you is Islamic Banking.

I wish you a happy celebration and all the blessings. I adjourn the House to Thursday at 2 o'clock.

(The House rose at 4.58 p.m. and adjourned until Thursday, 29 June 2023 at 2.00 p.m.)