

## **Parliamentary Debate on the FY 2019 Budget**

The following were key issues raised by Members of Parliament on the second reading of the FY2019 Appropriation Bill to which we have provided appropriate responses:

### **1. Wage Bill and Recruitment**

**Issue:-** The difference between the FY 2019 wage bill figure and that of FY2017 is not Le400 billion but Le600 billion (Paragraph 117);

**Response:-**The wage bill figures are correct as per Annex 1 which shows the difference between 2019 and 2018 of Le400 billion. The reference made to FY2017 should actually read FY2018. We have noted this to amend in the budget speech.

**Issue:-**The number of workforce of 75,296 for Baseline Salaries and Allowances Employers Social Security Contributions and Annual Leave Allowances are misleading (Annex 6);

**Response:-** Provision is made in the budget for all public sector workers of 75,296 for salaries, allowances and NASSIT contributions by government. Leave allowances for Honourable Members of Parliament and Teachers are not included in this workforce as leave allowance because whilst they are on recess we continue to pay their salaries. This is the normal practice with no policy change.

**Issue:-** Recruitment of staff at MDAs are not provided for in the Budget (Annex 6);

**Response:-** Recruitment for all other MDAs is included under Paragraph 7 of Annex 6 (Provision for recruitment of 1,000 Civil Servants – All MDAs). There's also provision in the budget for the recruitment of 3,000 Health sector workers and 5,000 Teachers.

**Issue:-** Salaries of the Chiefs and Local Court Chairmen in the local communities be paid on time;

**Response:-** We acknowledge the delay experienced in the payment of salaries to local authorities, which is basically as a result of the current manual system being used to process their monthly salaries. Until we receive requests for their salary payments from the Ministry of Local Government, we cannot process. I have therefore given directives for the computerization of the payroll of local functionaries with effect from January 2019. In the interim, we have paid their salaries up to quarter two of FY2018 whilst

cheques for Q3 payment are only now being printed by the Accountant General's Department. I will take steps to ensure their Q3 salaries are paid before Friday 23<sup>rd</sup> November whilst we put modalities in place to fast track their quarter four (4) salaries and pay by 15<sup>th</sup> December, 2018.

*In addition to the above, you can throw light on the process of harmonization of the Government payroll as it is a thorny issue which they want to understand. You should stress that it is a professional and technical job which should be done by the Executive through the Ministry of Finance given issues of its sustainability.*

## **2. Education**

**Issue:-** Approval of community schools to benefit from the GoSL's New Direction Flagship programme of Free Quality Education;

**Response:-**As pronounced by H.E. at the launching of the Free Quality Education Flagship Programme, Government will only be responsible for Government owned and Assisted Schools during the first phase of this programme. However, provision is made in the budget for schools that will be approved in FY2019 to benefit from the Free Quality Education.

**Issue:-** Clarification on the increase of 5,000 teachers in FY2019;

**Response:-** This will be done in phases. We will work with Teaching Service Commission to first absorb replacement teachers, unapproved teachers whose names are not in the payroll and new teachers. We will ensure the entire process is completed by the start of the 2019/20 Academic Year.

**Issue:-** Non-existence of the Guidance and Counselling Programmes in schools;

**Response:-**Government is aware of Guidance and Counselling Programmes in schools and apart from what is allocated to the Ministry for administrative activities, additional Le86.8 billion is allocated for educational services to all Local Councils which they are expected to use part of it for counseling activities in schools at community levels.

The National Council of Civic Education and Development will also compliment guidance and counselling programmes nationwide.

**Issue:-** Recruitment of Inspectors of Schools charged with the responsibility of monitoring and evaluating the activities of teachers and school administration;

**Response:-** Funds are allocated for this activity in the domestic capital budget to support the procurement of motorbikes for schools inspectors to access remote communities

**Issue:-** Unit cost of the 50 School buses to be procured, that the cost is on the high side;

**Response:-**It has been a long procurement process which is almost concluded. In addition to the 50 buses government is also procuring 100 buses in 2019 which will be equitably distributed to all regions. We are yet to ascertain the true cost of the buses as the process is not yet completed.to ensure that this is not extra-budgetary, that is why we have been making provisions in the FY2018 and FY2019 budgets to meet the cost of these buses once the process is concluded. I however want to assure this House that the cost will be reasonable and affordable and the quality of the buses will be of very high standards.

**Issue:-** Provision of hand washing facilities in all schools;

**Response:-**This is part of the free quality education programme being complemented by the Ministry of Health

**Issue:-** School Fees subsidies not paid to schools in the Northern Region

**Response:-** Mr. Speaker, Hon. Members, Government as part of its initiative to launch the free quality education programme just after four months in office should be applauded for paying schools fees subsidies on time before the reopening of schools for the first time in over a decade. It is no secret that schools were owed backlog of subsidies and experienced significant delays in receiving the subsidies. We paid about Le28 billion as first term school fees subsidies by 7<sup>th</sup> September, directly into the bank accounts of all Government and Government Assisted Schools **nationwide**, one week before the official opening of schools. The Ministry of Basic and Senior Secondary Education has submitted a supplementary list of schools to be paid for the first term totaling Le1.9 billion

which my ministry has processed and will be paid into the bank accounts of these schools by Friday 23<sup>rd</sup> November.

### **3. Matotoka – Sefadu Road**

**Issue:-** The maintenance budget allocation of the just completed in 2017 Matotoka-Sefadu Road be diverted to other projects;

**Response:-**The project is funded by two sets of donors, Matotoka – Yiye Road by IDB and Yiye – Sefadu Road by ADB and OFID in partnership with the GoSL. There are still outstanding work to be completed which includes drainages, road signs and speed limit structures within townships. outstanding payments for quarries and property compensations which the previous Administration failed to pay and now part of the stock of arrears being audited by ASSL. We will take steps after completion of the audit to effect these payments and bring these projects to a successful completion.

### **4. Tax Rates**

**Issue:-** Reduction in the tax rate to encourage Investors and increase job opportunities;

**Response:-**The Finance Act 2019 makes provision for the reduction in the PAYE top-slice from 35% to 30% to align with the corporate tax rate. This will increase the disposable income of the working population and hence help to stimulate economic growth through high consumption. Once we fully implement the use of the Electronic Cash Registers, the loss in PAYE taxes would easily be more than compensated for by the increase in domestic GST through increased consumption.

### **5. Budget Allocation to Parliament**

**Issue:-** Budget allocation to Parliamentary Oversight Committee of Le856 million with 30 Committees comprising about 15 members each is too small;

**Response:-** It is important to note that Parliament did not participate at the bilateral budget discussions which technical staffs of my Ministry held with all MDAs during the month of September. However, given the supreme nature and authority of this noble house as enshrined in the Constitution and the Parliamentary Service Commission Act, I gave directives for my senior technical staffs to have a one-on-one discussion on the budget of Parliament for FY2019 to which the Clerk of Parliament was present and it was

unanimously agreed that the minimum budgetary allocation for Parliament be the sum of Le14.5 billion which I have submitted in the FY2019 Appropriation Bill to this House for approval.

## **6. Budget Allocation to Youths**

**Issue:-** Amount allocated to the Youth Ministry is low compared to the Allocation for the Office of the Chief Minister;

**Response:-**Youth activities are budgeted under MOYA, Youth Commission and Youth Service in both the recurrent and capital budgets of Le13 billion and 15.8 billion respectively, making a total of Le28.8 billion compared to Le108 billion to the office of the Chief Minister which includes a provision of Le4.5 billion for the Directorate of Science, Technology and Innovation.

Youth spending in the budget are cross cutting issues that are being catered for in all MDAs especially the poverty related ones.

All spending in the budget supporting Senior Secondary Schools, Tertiary Institutions, Grant-in-Aid and Scholarships are all specifically targeting the youthful population.

**Issue:-** Provision of sustainable training facilities for youth in relation to skills development;

**Response:-**There is adequate provision in the budget under the MOYA. Youth Commission and the Youth Service for skills development. I will only admonish Hon Members of this House to critically monitor and oversee the utilization of these funds in their various constituencies.

## **7. Health Budget**

**Issue:-** Provision of drugs, incentives and other facilities to health workers deployed at Public Health Units;

**Response:-** this ongoing under the free health care programme as we are working closely with the Ministry of Health to strengthen monitoring and distribution of drugs and also staff attendances.

**Issue:-** H.E. the President's commitment to increase allocation to the health sector to 15% of total budget;

**Response:-** This commitment is still valid and we are working very hard to achieve it over the medium term. In the interim however, we increased allocation to the health sector from 8% in 2018 to 10% in

2019. This was also jointly agreed with stakeholders at the bilateral budget discussions held in September.

## **8. Discretionary Government Expenditure on Education, Health and Agriculture**

**Issue:-** The amount allocated and reported as a percentage of total budget for Education (21%), Agriculture (5%) and Health (10%) sectors are not correct;

**Response:** The computation is based on the total discretionary government expenditure which I will refer you to Annexes 5a, 5b and 5c. Debt service obligations estimated at Le1.5 trillion are non-discretionary expenditures outside the control of Government and so are not included in the sectoral allocations computations.

## **9. Others**

**Issue:-** In the Revised FY2018 Budget Statement, the Minister promised to provide free university application forms for students but this is not visible up till now;

**Response:-** We worked with the Ministry of Technical and Higher Education on this and it was agreed that for the programme not to be abused, the colleges will sell the forms and will send the total bill through the Ministry of Technical and Higher Education which will be forwarded to my Ministry for refunds to students through their respective colleges. We are waiting for the Ministry of Technical and Higher Education to submit the details to us as we have provision in the budget to meet the cost of the refunds.

**Issue:-** Indicators to show that the government can achieve the plans of activities as highlighted in the budget;

**Response:-**The finance bill, credible budget provides increased resources, TSA implementation, reduction in wastages through payroll reforms etc. these would ensure resources are available to support effective implementation of activities in the FY2019 Budget for all MDAs.

**Issue:-** Establishment of National Public Health Agency and Medical Diagnostic Centers at all regions instead of creating one Medical Diagnostic Center;

**Response:-**We intend to utilize funds recovered by the Anti-Corruption

Commission to construct Medical Diagnostic Centres in each region over the medium term.

**Issue:-** No value is added to the budget document and no change is expected in its implementation since the same set of people prepare the budget;

**Response:-**These are trained and qualified professionals and civil servants that provide professional advices to the government of the day. It is left with the government to take heed or neglect their advices.

**Issue:-** No funds to support disability issues

**Response:-**As I mentioned in the budget speech, Government will create a disable friendly environment in public schools and hospitals across the country. To kick start the first of this project, the sum of Le1.2 billion is allocated in the domestic capital budget for this project. It will involve the construction of ramps and rails to support easy ride on wheelchairs.