

# Govt adopts radical reforms for budget

By Moses Mulondo

Government has finalised the draft budget for next financial year, which contains a range of radical reforms, which includes halting the creation of new districts and agencies.

The Public Finance Management Act requires the Government to present to Parliament the draft budget, which is technically known as the budget frame-work paper, by December 31.

Since Parliament is in recess during that period, the finance ministry presented the budget framework on Wednesday ahead of the deadline.

As part of measures aimed at reducing government expenditure, the Government has not only stopped the creation of new districts and other local government units, "The Government will indefinitely halt the operationalisation of the 13 new districts and 200 town councils approved by Parliament," the document states.

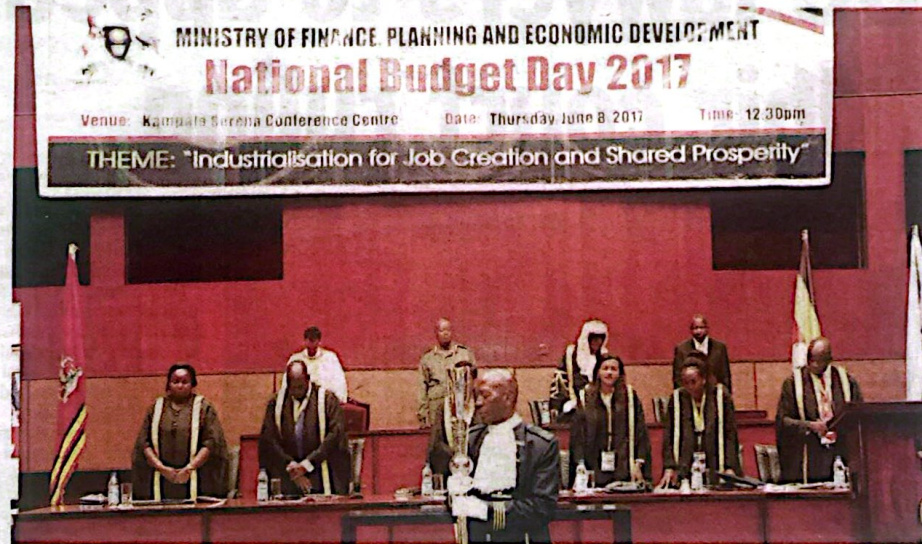
According to the document, the Government does not intend to introduce new programmes in the next financial year, but will focus on ensuring that the completion of the ongoing programmes is expedited.

The draft budget requires government to stop giving grants to private schools and hospitals.

To fill the gap that will be created in areas where there are no government schools, the policy of one secondary school per sub-county and a technical school per constituency will be considered.

The budget strategy for the next financial year also prioritises stopping creation of new agencies and restructuring the existing ones to stop the duplication of activities by the various agencies.

"Over the years, the Government has created a number of institutions to reduce the workload on existing ones and ensure faster implementation of government projects. However, while the creation of the different institutions was well-intended, they have now resulted in overlapping mandates, poor



(Back row) The First Lady, Janet Museveni, President Yoweri Museveni, Speaker of Parliament Rebecca Kadaga and finance minister Matia Kasajja at the Kampala Serena Hotel conference centre on budget day mid this year

co-ordination, wastage and increased cost of administration, among others," the budget framework paper states.

Analysis done by *New Vision* about expenditures in the 2017/2018 budget indicated that the Government's budget for travels abroad for the central government votes excluding local governments was to the tune of sh95b with Parliament taking the largest share of sh24b followed by State House at sh18b.

In line with guidance from the President, the document specifies that the review and restructuring of government institutions will be expeditiously undertaken to eliminate duplication, wastage and ensure efficiency.

In order to identify efficiency savings to implement pay reform, the Government will, therefore, review and rationalise the current expenditures on non-core items such

## NEW TAX ON FUEL?

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as allowances, workshops, travel inland and abroad. In addition, the Government will review the existing agencies, authorities and departments with the view of reorganising and merging those with similar mandates," the document states.

A source in the finance ministry

revealed that the Government has resolved not to implement new programmes in the next financial year, so that focus is put on finishing ongoing programmes.

This perhaps explains why the same amount of sh29 trillion of the budget for the current financial year is what has been budgeted for the next financial year.

This also explains why there is no significant departure in terms of budget allocations to the various sectors from the allocations in the budget for the current financial year.

For instance, the budget allocation to agriculture is increasing slightly from sh828.5b allocated in the current year to sh832.7b in the next financial year, works and transport from sh4.5 trillion to sh4.7 trillion, and energy from sh2.3 trillion to sh2.5 trillion.

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new taxes apart from imposing a sh100 tax on each litre of fuel aimed at raising sh202b annually for road maintenance.

The estimated domestic revenue collections for 2018/19 amount to sh15.5 trillion, of which sh15.1 trillion is to be generated from tax revenue while sh418b is non-tax revenue.

The modest adjustment to the tax regime is attributed to the commitment by the Government to promote savings, investments, exports and regional integration.

Beginning with the next financial year, all non-tax revenues (including Appropriation in Aid) will be collected by Uganda Revenue Authority and channelled to the Consolidated Fund for appropriation by Parliament.

From the next financial year onwards, there will be no more creation of special funds, as this, according to the Government, results in disjointed interventions and fragmentation of resources that in most cases do not create the desired impact.

"There will be no creation of new agencies and administrative units, including public universities. Freezing the creation of new units is necessary for the Government to create fiscal space to accommodate the implementation of a comprehensive pay reform for all categories of government employees, starting in FY 2018/19," the document states.

The process of drafting the budget framework paper was guided by consultations, which were held with local governments, regional referral hospitals, public universities, Uganda Manufacturers Association, stakeholders in the tourism sector, the Private Sector Foundation, as well as various discussions by government ministries, departments, agencies and development partners under the auspices of sector working groups were also held.

The next stage is for Parliament's budget committee to scrutinise the proposals in the budget framework and write a report with recommendations for approval by Parliament.