

# MUSSA

The Institute for Policy Interaction (IPI)

## MALAWI PARLIAMENTARY OBSERVATION REPORTS 2005 – 2008



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2010



**Observation Reports  
of  
Malawi National Assembly Sittings  
From  
March 2005  
To  
April 2006**

**An independent Report on Parliamentary Sessions in Malawi**

**In collaboration with: IDASA (SA) and The Christian Michelson Institute (CMI) Norway**

**With funding from: The International Research & Consulting Centre (Switzerland)**

## **Background**

The importance of good relationships between the Legislature, the Executive, and civil society organizations in poor countries such as Malawi cannot be overemphasized. Functionally, Legislators represent the interests of different constituents which may have different priorities. The Executive takes the overall responsibility by consolidating the diverse priorities of different constituencies and make policies at a broader level - nationally and internationally. The bottom line remains the fact that people's interests must be served. Civil society has multifaceted roles; it is involved in dialogue, advocacy and actual provision of goods and services thereby complementing the roles of both legislators and the Executive.

In the multiparty era, as opposed to the previous single party regime, Parliament is composed of MPs who belong to different parties. The Executive, on the other hand, is mostly composed of members of the ruling party or with some opposition members that support Government. Unfortunately, in politics the word 'support' has tended to mean unquestioning agreement, regardless of national interests. Conversely, to MPs in the opposition camp, the word 'opposition' has tended to mean outright rejection of everything proposed by the Executive, whether helpful to the nation or not. This situation has created tension between the two camps in the National Assembly leading to a virtual impasse that does not auger well for democratic evolution in Malawi. In net terms however, it is the common citizenry that is the loser in the final analysis. Civil Society has, at times, been seen as either supporting Government or the opposition when in fact, CSOs may be pursuing their roles of serving and defending the interests of the poor. Such a situation is unhealthy as it retards development, causes political instability and creates uncertainty. Parliamentary debates are thus an area of great interest for all Malawians, however lack of access to relevant information often causes anxiety or raises concerns that affect the efficacy of the Legislature and hinder the optimal realisation of its rightful role in the system of checks and balances that are enshrined in the Constitution.

This report is the culmination of extensive networking and collaboration between Civil Society and Academic Institutions from four countries namely; IPI in Malawi, IDASA in South Africa, CMI in Norway and IRCC in Switzerland. It endeavours to shed light on Parliamentary proceedings in an objective manner that may help to dispel misperceptions that have, at times, strained relations between Parliamentarians and the public at large.

## **REPORT ON PARLIAMENTARY SITTING**

**30<sup>TH</sup> MARCH TO 13<sup>TH</sup> APRIL 2005**

This Parliamentary sitting was initially slated to end on Friday, April 8th 2005, but the sitting was extended by three days (from 9:30am to 5pm) up to Wednesday, April 13<sup>th</sup>, due to inability to address most of the issues before the House. In total, the House thus converged for 10 days.

During this period the House deliberated on and/or resolved the following issues:

- Swearing in of new Members of Parliament
- Questions from M.P.s to Cabinet Ministers

### **Motions**

- Confirmation of Inspector General of Police, Mrs. Mary Nangwale (30th March 2005) – Y. Mwawa
- Resolution on immediate importation of maize and introduction of universal subsidy on fertilizer (31st March 2005, debate stalled and was wound up on 12th April 2005) – S. ChimpHon.da
- Midterm Review of 2004/2005 Budget (5th April 2005) – Minister of Finance
- Amendment of Section 65 of the Constitution (12th to 13th April 2005) – J.Z.U. Tembo
- Five Billion Kwacha Loan Fund – Minister of Finance

### **Ministerial statements**

- Transport Sector (13th April 2005)
- Tobacco Prices (13th April 2005)
- Status of Local Assemblies (13th April 2005)
- Home Affairs (13th April 2005)

### **Bills**

- Bill No 4 of 2005: OPEC Fund for International Development (Zomba/Jali/Chitakale Road Project) – 12th April 2005
- Bill No 22 of 2004: International Development Association (Education Sector Support Project) Loan (Authorization) – 13th April 2005
- Bill No 6 of 2005: International Development Association (Health Sector Support Project) (Authorization and Ratification) – 13th February 2005

### **Reports**

- Report on the Re-Thinking the Strategic Plan for the Development of Parliament 2004 – 2008 (Consultancy Report to Parliament by Members of Business Committee)
- Eighth Annual Report for the Year 2002 by the Ombudsman

## **SWEARING IN OF NEW MEMBERS OF PARLIAMENT**

- ✍ J. Bande
- ✍ M. Kalisinje
- ✍ B. Khamisa
- ✍ T. Machado
- ✍ Mbowani
- ✍ E. Mwale
- ✍ R. Shaba

The Mzimba North MP E. Chihana, who was elected in the by-elections of January 11<sup>th</sup> 2005, was conspicuously absent from the list of new M.P.s due to the fact that the MP was convicted and sentenced to a jail term of 18 months for assaulting a UDF District Chairman for Mzimba during the May 20<sup>th</sup> 2004 elections. According to the Electoral Laws, an MP loses her/his position if s/he is convicted and sentenced to a jail term of more than 12 calendar months by a Court of Law in Malawi. This therefore means that Chihana is very likely to have lost his seat after the conviction. However, it was still not clear whether his seat had been declared vacant by the time the House was rising.

## **MOTIONS**

### **Confirmation of Mary Nangwale as Inspector General (30<sup>th</sup> March 2005) – Y. Mwawa**

The Leader of Government Business, Yusuf Mwawa, introduced the motion in the House. He informed the members that the motion was in line with provisions of Section 154(2) of the Malawi Constitution, which stipulates that the President shall appoint an Inspector General (IG) of Police who shall be confirmed by a majority of members present in the National Assembly. He further informed the House that the President had met part of the provision of the section by appointing Nangwale on September 6<sup>th</sup> 2004. He told the members that the appointment of Nangwale as the first female IG has given much publicity to the country in terms of its strides in narrowing the gender gap. The appointment meant that Malawi would be the first country to have a female IG in the Africa region. He also highlighted the qualifications of Nangwale whilst dwelling upon her past experience and training in Police work. He wound up by calling upon the House to confirm the appointment.

The Speaker of Parliament did not ask anybody to second the motion as is normally the case, He proceeded into giving members the floor to contribute on the motion.

In his contribution, Hon. John Tembo told the House that he supported the confirmation of Nangwale. He again informed the Speaker that he had temporarily suspended the position of Chief Whip for MCP in the House so that members exercise free will on the matter at hand. Adding to the debate was Hon. Njobvulemya (MCP) who informed the House that he did not support the motion because Nangwale was emotional, disrespectful to politicians, and

could be easily manipulated. He cited the example of political arrests of some people in UDF for raising flags, which according to him was a threat to democracy in the country. Hon. Stambuli on the other hand, lamented over the arbitrary arrests of political figures - especially from UDF during the time Nangwale has held the position of acting IG. He also expressed worry over her calls on women lawyers not to represent rapists, which would in effect, be denying the rapists their Constitutional right to legal representation. He wondered how she would respect the Constitution once confirmed in the position. Hon. Lijenda (UDF) cited Nangwale's instruction to her Police officers to search Cabinet Ministers whenever they attend Presidential functions as being disrespectful and unprofessional which prejudiced her confirmation in the position. Speaking for the motion were Hons. Faiti, Ngaunje, Shaba and Malewezi among others.

Hon. Faiti informed the House that, during the time Nangwale had been in the office, there was a noticeable reduction in crime, and an improvement in the professionalism of the police force. This statement attracted calls from the UDF side for the Minister to factually substantiate his claims that the crime rate in the country had indeed gone down. No empirical evidence was provided to substantiate the claim. Hon. Ngaunje asked fellow M.P.s to give Nangwale a chance. She told them the concerns that they had raised could be corrected by the Public Appointments Committee of the House. She reminded the M.P.s that crime has always been in the country and that, even if a new person assumes the position of the IG one day, crime would not disappear the following day.

Hon. Shaba, on the other hand, dwelt on the Malawi Poverty Reduction Strategy Paper (MPRSP) which guides the development process in the country. He argued that the paper calls upon the Government to improve the percentage of women in decisions making positions to at least 30%. He reminded them that the position of IG was one of the decision making position and putting a woman on that position would be one way of meeting the targets set in the MPRSP. He also agreed with other members that security in the country had improved during the term of Nangwale. Malewezi argued for the confirmation of Nangwale on the basis that security had improved.

The matter was later brought to the voting stage. During voting, in which M.P.s shouted 'yes' if one was for and 'no' if against the confirmation, the motion was defeated. The matter then moved into the second stage of voting, which was an open individual yea or no ballot. Here again the motion was defeated. 88 M.P.s voted against, 83 voted for and 7 abstained.

Hon. Kainja later informed the Speaker that the motion had not been seconded contrary to the rule that every motion brought into the House is first supposed to be seconded before debate on it commences. The Speaker however ruled that the matter of confirmation had been closed. He went on to adjourn the House to following day without further debate on the issue.

Interviews with UDF M.P.s Hons. Y. Mussa and Bob Khamisa revealed that the confirmation of Nangwale was shot down because of the political battle

between UDF and Mutharika. "There is competition between the President and UDF; we wanted to see who would win this battle, and here we have shown that UDF can make Mutharika's rule a very difficult one for him," pointed out Mussa. The two confided that UDF wanted to defeat the motion and that of the loan facility in order to send a message to Mutharika that he can not compete with UDF if he indeed, was thinking of resigning from the party (UDF).

**Resolution on immediate importation of maize and introduction of universal subsidy on fertilizer (31<sup>st</sup> March 2005, debate stalled and was wound up on 12<sup>th</sup> April 2005) – Hon. S. Chimphonda**

This motion was first presented in the House on 31<sup>st</sup> March 2005. Debate commenced on the same day, but was suspended in order to finish Government business. Debate resumed and finished on the 12<sup>th</sup> of April. The motion sought to ask the House to resolve that the Government must inform the nation of the magnitude of the food deficit this year and prepare for urgent importation of maize, and that the House was requesting Government to introduce a universal fertilizer subsidy. In his presentation, Hon. Chimphonda (MCP shadow Agriculture Minister), attributed the current food shortage in the country to among other factors; Government's failure to subsidize fertilizer and timeous distribution of free seeds and fertilizer to needy farmers. As a way of correcting the situation, Hon. Chimphonda argued that instead of distributing free seeds only to needy and physically disabled people who fail to use the inputs given, the Government should rather consider delimiting it so that every farmer could access the subsidized fertilizers. The Minister of Finance argued that making fertilizer subsidy universal would not be possible because Government does not have enough resources. It was therefore suggested that the Government subsidizes those types of fertilizers that are commonly used in the country. A number of M.P.s from all sides spoke in support of the motion. When it was put to vote, no MP voted against it and the motion was passed on 12<sup>th</sup> April 2005.

**Midterm Review of 2004/2005 Budget (5<sup>th</sup> April 2005) – Minister of Finance**

The presentation by the Minister indicated that the Ministry of Finance had performed according to the budgetary allocations. The report however showed that the Government machinery had garnered excess revenue of close to One Billion kwacha. On the expenditure side, the Ministry of Finance had overspent from the approved budget by close to one billion as well. Contributions on the statement came from MCP and UDF M.P.s mostly, who focussed on the expenditure side of the budget. It was argued that, despite the Minister's assurance to the House that for the first time the Ministry would not seek a supplementary budget, what the Minister was really asking for, was actually a supplement of K1 billion. Others pointed out that the budget had not performed because some votes had received allocations lower than levels approved by Parliament, such as the allocation to Parliament which dropped from K327 million to K302 million. Others, while applauding the prudence in the way Government finances had been managed, lamented the failure of the Government to provide services to the public. They advised that prudence

should not undermine service delivery and pointed out that the Government has not drilled any boreholes, for example, in the whole country during the time the budget has been in its implementation stage. Some of the people who contributed were Hons. Kainja, Aleke Banda, Aden Mbowani, and Shadow MCP Minister for Sports.

### **Amendment of Section 65 of the Constitution (12<sup>th</sup> to 13<sup>th</sup> April 2005) – J.Z.U. Tembo**

In its original presentation, the motion sought to ask the House to amend Section 65 of the Constitution to read:

*"A member of the National Assembly shall vacate his seat in the National Assembly, if in the case of an elected Member, he/she becomes a Member of a political party other than the party of which he/she was an authorized candidate when he/she was elected to the National Assembly or, if having been independent candidate, he/she joins a political party or having been a Member of a political party, he/she becomes an independent."*

In his presentation, Hon. J. Tembo pointed out at the outset, that the amended section would not have any retrospective effects on any MP - especially on the Government side, who had become independent when they were not elected as such during the general elections. He said that he was worried with the way M.P.s were betraying their voters by changing their political party membership status without consulting the voters and the manner in which political parties were indirectly 'rigging' elections by having in their ambit, M.P.s that were not voted under their colour. He said that it is not right for a political party to increase the number of its M.P.s by 'buying' independent M.P.s. He again said that a person is elected on the basis of his status as a member of a certain political party or as an independent, hence there was no justification for anybody elected as such to change his status. He argued that, when one is moving from a party or from being independent to join a political party, there is need to consult those who elected him/her. He further said that the effective way of consulting the constituents was through a by-election. The aim of the amendment was therefore to ensure that voters are consulted effectively. The Hon. MP for Zomba Changalume (UDF) seconded the motion.

The motion received initial opposition from a member of the Business Committee (Hon. R. Msowoya) on the basis that, considering that the motion touched upon the Constitution of Malawi, it was unprocedural to bring it before the House at that moment. The Speaker wondered as to why the member had not brought his objection when the matter came before the Business Committee, to which the MP belonged. Responding to the member's argument, Tembo said that the motion was not to amend the section, but rather to seek permission from the House so that another motion could be moved to amend the section at a later date. A number of independent M.P.s stood up arguing against the motion on the basis of the legality of the new arrangement. Also against the motion were the Minister of Justice and the Attorney General. In his argument the Attorney General, R. Kasambala, pointed out that what the motion intended to do, was to change a Constitutional



provision and, according to him the said motion was illegal and unprocedural.

Sections 111 and 112 of Parliament's Standing Orders stipulate that, in the case of a motion from a private member in anticipation of being followed up with a bill to amend the Constitution, the anticipated bill should be attached to the motion whilst the motion is being debated. Such a bill was not attached in the case of the motion under consideration. It was further advised that the motion be redrafted so that it actually reads as seeking permission from the House to table a bill to amend a constitutional section at a later date as purported by the motion statement. The matter was therefore referred back to the Business Committee of the House, which subsequently resolved to proceed with a new version of the motion.

The Speaker allowed debate on the motion whilst awaiting redrafting and circulation to members. Speaking further against the motion included: Hons. R. Msowoya, P. Kaunda, C. Banda, A. Kachikho, C. Khembo, D. Katsonga, Bob Khamisa and B. Kaunda. Hon. R. Msowoya argued that the motion was aimed at promoting dictatorships in political parties. He pointed out that there was an increase in the number of independents in the House because of dictatorial tendencies in political parties, which tried to impose candidates on people during political party primaries. While sharing this view, Hon. C. Banda added that the motion was aimed at meeting selfish interests of some leaders in political parties. He argued that such motions, if passed, would limit the M.P.s' freedom of association, and party leaders would use the amended law to punish M.P.s who hold a different view from theirs on any issue. He pointed out that the leaders would, for instance, dismiss MPs from their parties, bearing in mind that such an action would be translated into automatically vacating the MP's seat. Hon. Khembo on the other hand, added that the law would deny constituents their right. He argued that the constituents, who should be held in high esteem, would not have their needs heard for fear that their MP would lose his/her seat. For instance, constituents may ask their MP to join another party, but with the new law, it would mean that the MP would not listen to them for fear of losing her/his position. He further argued that laws should not be made to punish specific people. He enlightened the M.P.s with what happened with the same Section in the 1999 to 2004 Parliament, where people were unnecessarily dismissed from the House. Hon. Kachikho said that for the law to be a true reflection of the needs of the entire nation, there was need for the motion to be taken as a proposal to the Constitutional Review Conference which would soon take place.

As debate was progressing, Hon. Y. Mussa stood on a point of order to draw the attention of the Speaker to the fact that Hon. D. Katsonga was moving around calling upon the M.P.s to vote 'no' when it came to voting on the motion. This disturbed the flow of debate for sometime and the Speaker duly condemned the behaviour of Hon. Katsonga.

In winding up the debate, the mover of the motion, Hon. J. Tembo, referred to the motion as the 'brain child' of the Business Committee of the House. Hon. Lipenga stood on a point of order wondering why the Leader of Opposition was

pushing the origin of the motion to the Business Committee. He warned that the other M.P.s should not support the motion purely because it was sanctioned by a Committee of the House. It was however highlighted that the motion followed a DFID workshop where the issue of crossing the floor emerged, and that prompted the members of the Business Committee to consider bringing the issue to the House through the Leader of the Opposition. The matter then moved to the voting stage. First the Speaker asked those who were for the motion to say 'yes' in unison, and those against to say 'no', but when the level of the noise was generally deemed to be equal, he decided to put the matter for voting. In the voting, 99 M.P.s voted for it, 57 against, 2 abstained while 32 were absent.

Among those who voted for the motion was Hon. Bob Khamisa contrary to his contribution towards the motion, when he had said that the motion was going to limit M.P.s' freedom. Hon. J. Malewezi was among those who voted against the motion. Among the absentees was Hon. Kate Kainja, whose party boss had moved the motion. Again a number of M.P.s who are also Ministers were absent. It was later remarked by some M.P.s, that voting for or against the motion did not really matter because the real vote would be when the bill is actually brought before the House, where a two thirds majority would be required to pass it.

#### **Five Billion Kwacha Loan Fund – Minister of Finance**

Initially the Minister of Finance read out a statement regarding Government's initiative to establish a loan facility of K1 billion called Malawi Rural Development Fund (MARDEF). Ministerial statements are usually made to inform the House, and normally debate on the statement is not entertained or, if allowed, it is academic since no changes on the statement are effected as a result of the debate.

According to the statement, the funds for the loan would be drawn from the Consolidated Fund at the Reserve Bank of Malawi and the monies would be deposited with the Malawi Savings Bank. The bank was selected because it has a wide area of coverage – especially in the rural areas of the country, which would make it easier for people to access the facility. The Minister also announced that a Board had been set up with the current Reserve Bank Governor as its Chairperson. (However the Governor was removed from the chairmanship position when he was appointed as Reserve Bank Chief.) He also announced names of other Board members with their districts of origin. The members were drawn from all corners of the country and none had a clear political leaning. He further informed the members that the Board would soon set up a Secretariat which would have offices in all the three regions of the country. On the size of the loan to be borrowed by an individual, the Minister said that it would range from K10,000 to K100,000. He further said that the loan would attract an interest rate of 15% which was almost half the base lending rate set by the Reserve Bank of Malawi. He further informed the members that the 26% rate of the Reserve Bank would be met partly through the 15% and partly through profits through trading in treasury bills by the Malawi Savings Bank

on the available funds in the loan facility.

In their contributions M.P.s, especially from the opposition side, raised a number of concerns and objections to the loan facility on the basis of the following points:

- Politicization of the loan facility;
- Government's sidelining of the Legislature;
- Size of the loan scheme;
- Capacity of the Malawi Savings Bank (MSB);
- Modalities of disbursing the loan;
- Mode of recovery of loans;
- Risk on part of Government;
- Transparency and accountability;

On the initial K1 billion loan scheme statement made by the Minister of Finance, Hon. J.Z.U. Tembo began by thanking the Government for finally recognising the need to involve Parliament before the disbursement of the funds began. He added that the Executive was previously behaving as if Parliament had no say in the whole process. He went on further to lament the politicization of the loan scheme by DPP membership. Since the loan facility would be set up using public funds, he saw no reason why DPP would use the loan to further its interests. He said that, in his constituency, DPP leaders were going around mobilizing people into clubs which would, in the end, benefit from the loans. However, one had to be a DPP sympathizer to join such clubs. This view was also shared by Hons. Aleke Banda and George Mtafu. They added that the politicization of the loan was making it difficult for them to support the scheme. Hon. Tembo also wondered how the Government had set up a Board to oversee the functioning of the scheme before obtaining approval from Parliament. He also refuted the Minister's statement that the fund would be risk-free because it was guaranteed by the Reserve Bank of Malawi; this would not have been necessary if the Minister foresaw no risk with the loan facility. Hon. Tembo however supported the motion albeit with these reservations.

Hon. Mtafu on the other hand, wondered if the Ministry had appraised the Malawi Savings Bank's capacity to handle such a huge amount of funds. He also argued against the composition of the Board which, according to him, would delay the process of disbursing the funds through the approval process. Various M.P.s from the opposition side asked the Minister to give the Budget and Finance Committee more power in the loan scheme to ensure accountability and transparency in loan disbursement. The Government side agreed to include the Committee's role in the scheme in the motion to be presented.

MP for Lilongwe Mapuyu South, Hon. J. Njobvulemya, while applauding Government's initiative, argued that the figure of K1 billion was too small for the needs of the entire population. He therefore moved a motion to raise the figure to K5 billion which could be reviewed upwards as time goes by. The

Government side agreed to do so, and the whole House approved the motion.

The Minister of Finance then changed the statement, that he had originally presented, into a motion. In his submission, the Minister alluded to the fact that his previous motion had been revised by the House to raise the figure to K5 billion. He also added the oversight function of the Budget and Finance Committee to the performance of the loan facility. The opposition side thereupon wondered what the original presentation by the Finance Minister was for? They further stressed that Minister had initially presented a statement, not a motion and there was therefore, need for the Government side to clarify what it wanted the House to debate on. When the Government said that it wanted the issue to be turned into a motion, the House, especially the opposition side, asked the Minister to draft a motion instead. This warranted the adjournment of the House till the motion was prepared.

It was however surprising that despite withdrawal of the statement the Speaker allowed the House to continue debating on the issue before the motion was prepared.

As debate on the K5 billion loan facility continued, Hon. Y. Mussa asked the Speaker to allow the House to debate the statement made by the President when he was opening the Thyolo District Hospital. He particularly wanted the House to be informed of what the President meant by saying that he would take some unspecified action on the past President, Dr. Bakili Muluzi as quoted in the Nation Newspaper. A number of M.P.s stood up on the same issue but the Speaker ruled the MP out of order as he was quoting from newspapers which are not official sources of information in the House.

Hon. Stambuli brought another issue that, again, was not on the order paper. He wanted Hon. Uladi Mussa to explain what he meant by saying DPP is a ruling party at a meeting he addressed in Salima, in response to which, Hon. U. Mussa denied having uttered such a statement.

More and more issues were brought up delaying debate on the loan scheme until Hon. Chimunthu Banda of the Government side curtailed debate on the two issues by reminding the Speaker that the House is supposed to follow what is in the order paper of a particular day and what the M.P.s were bringing into the House was not on the order paper. The Speaker duly reminded the M.P.s to follow the order paper, whereupon, Hon. Atupele Muluzi immediately stood on a point of order. The Speaker however ignored the call and asked the leader of Government business to continue, but Hon. Muluzi despite being unrecognized, persisted to stand and, whilst doing so, disregarded the Speaker's frequent calls for him to resume his seat until he finally complied by sitting down.

A number of M.P.s spoke after the new motion had been presented. Among them were; Hons. N. Tembo, E. Malenga, E. Mwale, M. Sato, J. Malewezi, G. Mtafu, B. Majoni and C. Stambuli. Hon. N. Tembo argued that, since the launching of the scheme was done in her constituency by the President, it was unfair for those constituents not to benefit from the loan. She cited the word 'rural' as limiting the funds' operations, because she inferred that the fund would only be for those who live in the villages and not in towns thereby

excluding her constituents. She therefore suggested to the Minister that the word 'rural' be reconsidered. Hon. Malenga shared the view of the lady M.P.s. He, in turn, suggested that the word 'rural' be replaced by 'low-income' so that it even includes urban dwellers.

Hon. Majoni, in his presentation, asked the Minister to focus the loan scheme on the agriculture side and capacity building. He asked the Minister to consider using part of the loan to build technical colleges. He went on to say that there was need for the Minister to consider revising downwards, the tax rates that Malawi Revenue Authority (M.R.A.) exacts from business people if borrowers were to truly benefit from the loan scheme. He further asked the Minister to remove ITS. He also wanted the Minister of Commerce and Trade to limit the operations of businesses of Indians and other foreigners as, in his view, these people tend to monopolise all sectors of trade - from manufacturing to retailing.

Hon. Malewezi, on the other hand, asked the Minister to consider making the youth a priority in disbursing the loans. He also wanted the Government to train people in business management.

Hon. Mtafu argued that, since the loan scheme was still in its infancy stage, adequate consultations with all stakeholders had not yet been done and people were still looking at the scheme as a DPP thing. There was therefore, need for the M.P.s to first go into their areas and address their constituents to change the thinking that the loan was on for DPP. Concurring with him was Hon. Stambuli and other UDF M.P.s. Hon. Stambuli wondered why the Minister had put a Board in place without involving Parliament. He therefore asked the Minister to dissolve this premature Board so that a new one could be constituted in coordination with Parliament. He proposed that the Budget and Finance Committee of Parliament should evaluate the capacity of the MSB to handle such funds before the motion is brought to the House. He also wondered why the Government had appointed the Reserve Bank Governor who is under the control of the Ministry of Finance, a DPP member, as Chairperson of the loan scheme Board. He feared that such an arrangement would politicize the scheme such that only DPP members would receive the loans.

Others wanted the Parliamentary Committee on Commerce to be included with the Budget and Finance Committee in playing an oversight role on the Loan Scheme. This however was shot down.

A number of UDF M.P.s asked the Speaker to delay voting on the matter to allow M.P.s to go back to their constituents in order to remove the perception that the loan facility would benefit only DPP members. Others wanted to consult widely on the potential success of such a venture and a prior evaluation of the MSB by the Committees of the House before endorsement. Their arguments generally centred on the non-readiness of the country to venture into the loan scheme. Later, outside the House, Hon. Y. Mussa said that the UDF did not want the bill to pass so that the President would learn that he can not govern the country without support from the UDF.

It should be pointed out that during debate of the motion, opposition M.P.s, especially from UDF, asked the Speaker to consider adjourning the House till the

Court ruled on the removal of an injunction obtained by Nangwale over her rejection as IG in the House. M.P.s, mostly from MCP and UDF, wanted to know when the Court would rule on Parliament's application for a removal of an injunction granted to Nangwale. Others wondered what the relevance of the House was, when its proceedings could be invalidated by the courts? The Government side however, argued that the House needed not be suspended in view of the need to finish other matters. Hons. John Tembo and Aleke Banda were some of the M.P.s who favored the Government position. The UDF bench did not show any side on this as none of its M.P.s stood to speak. The House therefore agreed to continue with the business slated for that morning.

Despite this agreement, the matter resurfaced a few minutes later when Hon. Atupele Muluzi argued that in the 'Strangers' case, the Court ruled that Courts can not question deliberations of the House, hence Nangwale should immediately cease acting as the Inspector General of Police. This attracted further calls from the Opposition M.P.s to have the House adjourned so that the matter is addressed fully. It was then agreed that the matter be referred to the Business Committee, which later ruled that the House should continue deliberating on other matters other than the Court case awaiting ruling on the case. It was obvious that opposition M.P.s, especially those belonging to UDF, wanted to delay and probably stall debate and approval of the loan scheme.

During the voting stage a majority of UDF M.P.s voted against the motion, while those of MCP and other parties voted for the motion. Voting was through shouting 'yes' for the motion and 'no' for against.

As the debate was going on, one MP, Hon. Maotcha, allegedly called those on the UDF side - 'achule' (frogs). This irked UDF M.P.s, who almost manhandled the MP thereby prompting the Speaker to rule that the matter be brought before the Legal Affairs Committee of Parliament, but this only provoked more disorder. This prompted the Leader of Opposition to propose an adjournment of the House. The Government side agreed and the House was adjourned at 11:24 am to 2pm of that day.

## **MINISTERIAL STATEMENTS**

### **Transport Sector (13<sup>th</sup> April 2005)**

Before the statement was made, there were calls, especially from M.P.s for Chitipa and the north, for the Minister of Transport to explain what happened to the money authorised by Parliament for the Government to construct a tarmac road between Chitipa and Karonga. The Minister of Transport told the House that the previous UDF Government had diverted funds meant for the road to the Mangochi - Ntaja via Namwera road. This received criticism from the UDF camp especially Hon. C. Stambuli, who called the Minister a liar, because the information he was offering to the House was unsubstantiated. M.P.s therefore called upon the Minister to make a statement on the project.

In his statement, the Minister explained that the road in question was split into three sections and sources of funds were identified for each section. The sources included African Development Bank (ADB), Government of Taiwan and Malawi

Government. The ADB had set a condition that the Malawi Government should first finish the section to be funded by Taiwan before the Bank funded the other section. The funds received from the Taiwan Government were close to US\$15 million which, according to the Minister, were more than the road section would require at the time. Under the directive of the then President, B. Muluzi, US\$10 million of the US\$15 million was subsequently diverted to fund the construction of the road passing through the former President's home and, since the remaining funds were not enough to fund the agreed section, the project stalled. Since the condition set by the ADB had not been met, the bank withheld its funding for the other section until the Government identified alternate funding for the Taiwanese section. Because of delays in commencing of the project, the initial cost had gone up tremendously, and the Government was in the process of identifying another donor for the project.

The Minister of Transport then moved a motion asking the House to commission the Budget and Finance Committee to institute an investigation into the management of road projects in the country by the previous regime. Seconding the motion was the Minister of Economic Planning, whose Ministry had already conducted a monitoring and evaluation exercise in the transport sector and issued a report, which highlighted a number of anomalies in the awarding of contracts for road construction and payments to the contractors. He cited examples such as the Nkhotakota – Kasungu road, whose section inside the Nkhotakota Game Reserve was damaged extensively only 3 months after completion of construction. He also pointed out that, despite the fact that the quality of work was below agreed standards, the Government went ahead to pay the contractors. He added that most of the road projects had outstanding debts with contractors, yet the Government used up all the funding for such roads. The Minister said that the Government still owed the contractor close to K600 million for the Nkhotakota – Kasungu road and over K100 million on the Mangochi – Ntaja road. In total, outstanding debts on road construction were close to K2 billion. He therefore called upon the House to support the motion for the Committee on Budget and Finance to look into matters that were highlighted in the report.

It should be pointed out that the debate on the road prompted members of the House to call upon the Minister of Finance for information on what had happened with the investigations on the Police shooting and killing two people in Chitipa during public demonstrations against the delay of the Government in commencing the project and the diversion of the funds. The Minister of Home Affairs, who took the question up because it related to his Ministry, informed the House that the Muluzi Government did not carry out any investigations, but promised that investigations would begin and those who killed the two people would be duly punished.

### **Tobacco Prices**

The House wanted the Minister of Agriculture initially, to inform them on the extent of the hunger situation in the country but, before the statement was made, the Tobacco Auction floors were closed due to farmers' boycott of the

sales caused by the low prices offered by buyers. M.P.s thus called on the Minister to give a statement on the status of the auction floors, plus the food situation in the country. In his presentation, the Minister only tackled the Tobacco Auction floors issue. He told the House that the auction floors had been opened with an agreement between farmers and buyers upon the prices that a kilogram of the commodity would fetch. It was again explained to the House that, in their agreement, farmers had promised buyers that they would refrain from boycotting sales, but would resort to proper channels to voice their concerns. The Minister further informed the House that his Ministry would monitor trade at the auction floors on a daily basis so that the said agreement was adhered to.

### **Status of Local Assemblies**

The call for the statement on the local assemblies was made by M.P.s, largely due to Ministers repeatedly referring concerned M.P.s to take their requests to their Local Assemblies in response to M.P.s' developmental questions. M.P.s wondered why they were being referred to the Assemblies when, constitutionally, the Assemblies stood dissolved as at March 20<sup>th</sup>, 2005. In his response, the Minister of local Government told the House that, "legally Assemblies stood dissolved but operation-wise, they were still functional." The response did not satisfy the M.P.s and they therefore called upon the Minister to come up with a statement on the issue.

In his statement, the Minister told the House that the Assemblies were, indeed, dissolved according to the Constitution of the Republic of Malawi on 12<sup>th</sup> April 2005. He however, informed the House that elections for ward councilors could not be conducted as the Constitution demands, because of lack of funding for the exercise. The date as to when the elections would be held, would be announced by the Electoral Commission in due course. In the meantime, the Secretariat of the Local Assemblies would continue with the functioning of the assemblies. He however, was not clear as to how the M.P.s' demands would be addressed by the Secretariat.

On the same issue, M.P.s wondered how their concerns would be addressed by Assemblies when they are only ex-officio members of the Assemblies? The Minister reminded the M.P.s that they held the power of changing the composition of Assemblies, as well as the powers of Councillors, it was therefore up to the M.P.s to decide whether to continue being ex-officio members or not by revisiting the section in the Constitution that determines their powers in the Assemblies.

### **Home Affairs**

The Minister of Home Affairs was asked to make a statement on Police Investigations on the death of two demonstrators, who were in the public demonstration against the diversion of the Karonga – Chitipa road funds to Mangochi – Ntaja road. They pointed out that a number of years had passed since the event took place and the Minister promised to make a statement on the issue. On the day the Minister was to make the statement, the Nation newspaper carried an article which stated that Mr. Sam Mpasu, the



spokesperson of the past President, Dr. Muluzi, had said that President Bingu's attitude towards the former head of state would fuel tension and cause bloodshed in the country. The Minister therefore addressed the article in his statement. Hon. Y. Mussa reminded the Speaker that, on the previous day, he had brought a request for the current President, Dr. Bingu Wa Mutharika, to explain an article, which quoted him at the opening of Thyolo Hospital, as saying that he would mete out an unspecified action on the former head of State and the Speaker had ruled him out of order on the basis that the House debates only official reports: a category under which newspapers do not fall. The Speaker did not reply, but asked the Minister to continue.

Hon. C. Stambuli asked the Minister whether he had verified that Mr. Mpasu had really said what the paper purported. The Minister assured the House that investigations had been conducted by the Police and it was proved that Mr. Mpasu had really uttered those words. In winding up his statement, the Minister told the House that the Police would not tolerate anybody inciting violence of any kind in the country. He also called upon political leaders to desist from making statements that might fuel violence in the country.

### **Statements that were not presented**

#### **Statement from the Ministry of Local Government over distribution of maize mills – Minister of Local Government**

Hon. J. Tembo informed the House that he had received a phone call from the Ministry of Foreign Affairs instructing him to go and collect a Maize Mill for his constituency from the Ministry's offices. He wondered why the issue of maize mills was being dealt with by the Ministry of Foreign Affairs and not a responsible Ministry like Local Government or Trade and Industry? He told the House that he saw something sinister in the actions of the Government. He also wondered why the maize mill was being given to him personally, and not his constituents through the District or Area Development Committees. He therefore called upon the Government to be transparent in the distribution of maize mills. A number of M.P.s from both sides asked the Government to elaborate upon the way it was distributing maize mills. They wanted to know who, and how many had received the mills; who would be next in line and how beneficial the mills were? The Ministry of Local Government informed the House that there was a Committee set up by the previous Government and it was chaired by the current Minister of Foreign Affairs, however he had, since, assumed the chairmanship. He also informed the House that distribution had been, and still was through M.P.s, but the mills were intended for the constituents. However, the Minister expressed concern regarding some M.P.s, who had turned the mills into personal property. He then promised the House to make a statement on the issue during the afternoon of that day – this did not take place.

When he was quizzed the following day on why he had failed to make the statement, the Minister informed the House that a key member of the Committee responsible for the distribution was out of the country, which had made it impossible for him to compile the statement. He, however, reiterated that he would make the statement before the House rose – this also did not

transpire, however the Minister promised to make the statement on the issue when the House next meets.

## **BILLS**

### **Bill No 4 of 2005: OPEC Fund for International Development (Zomba – Jali – Chitakale Road Project)**

This bill sought to ask the House to authorize the Malawi Government to borrow \$10 million from the Arab Bank, \$7 million from OPEC, \$20 million from the Kuwait Fund and to get \$6 million from the Government of Malawi coffers (totaling \$43 million) for construction of a tarmac road from Zomba via Jali and Phalombe to Chitakale in Mulanje. None of the M.P.s who spoke were against the bill. They generally agreed that the area through which the road would pass is agricultural land, hence the road would assist farmers to transport goods easily to markets in Blantyre and Zomba and would also be a short cut for those going to Zomba from Mulanje. However M.P.s from the Northern region like Hons. G. Kaira, R. Mswoya, and K. Thindwa among others, wondered why the Government was concentrating on one part of the country when vast areas in the north remain without good access roads. The bill went through the first and second readings, Committee stage, report stage and third reading without any amendment.

### **Bill No 22 of 2004: International Development Association (Education Sector Support Project) Loan (Authorization)**

This bill sought Parliamentary authorisation for the Government to receive a grant from the World Bank of \$32.2 million. This was formerly a loan, but the World Bank turned it into a grant which would attract a service charge to be met using the consolidated fund, hence the need to seek authorization of the House. The grant would be used to improve access to quality education at all levels; construct a Primary School Teacher Training College in Machinga; improve education departments at Chancellor College and Mzuzu University; rehabilitate Dedza, Zomba Catholic, Blantyre and Mzuzu Government Secondary Schools among other things. Both the opposition and Government backed the bill.

Hon. J. Tembo said that the opposition would not stand in the way when the Government intended to borrow money that would be used to benefit the people of this country. Hon. Aleke Banda asked the Government to add schools like Robert Blake and Bandawe Secondary in the list of schools to be refurbished. The bill went through all the stages without any amendment and was duly passed.

### **Bill No 6 of 2005: International Development Association (Health Sector Support Project) (Authorization and Ratification)**

This bill requested the House to authorize the Government to borrow \$15 million from a number of agencies, including the Norwegian Government of Norway, which would contribute \$6.09, with which, the Ministry of Health desired to purchase and distribute ambulances to hospitals; train health personnel to be posted to hospitals and health centres and purchase medical equipment. A

number of M.P.s stood up in support of the bill and nobody spoke against it. In his contribution, Hon. J. Tembo, while applauding this initiative, asked the Government to ensure that medical personnel do not steal medical equipment from the hospitals. He gave an example of a hospital in Dedza, which has a non-functional dental department because the equipment had been stolen. A number of M.P.s recounted similar situations in their constituencies. The Minister asked them to provide evidence on the thefts so that the law could take its course. He also asked the M.P.s to correct the situation by reporting thefts immediately to the Police, so that vital evidence is not lost and that medical personnel are checked in their behaviour. Other M.P.s who spoke were Hons. R. Dzanjalimozi, A. Banda, L. Mangulama, B. Kaonga, and N. Chuthi, among others. They all supported the bill, however they added that the needs of their own constituencies should be considered when the monies come. The bill went through all the stages and was passed.

## **REPORTS**

**Report on Re-Thinking the Strategic Plan for the Development of Parliament, 2004 – 2008 (Consultancy Report to Parliament by Members of Business Committee)**

**Eighth Annual Report for the Year 2002 by the Ombudsman**

**Report by the Social and Community Affairs Committee on Field Visits to various Institutions that deal with Persons with Disabilities in Malawi**

**Report on the Agriculture and Natural Resources Committee (November 2004 – March 2005)**

The reports were presented without the presenters or other M.P.s saying anything. Upon the insistence of the Agriculture Committee Chair, the Speaker allowed a few minutes for him to make an oral presentation. He only advised the House that the report contained issues on the Tobacco Auction Floors, Hunger situation in the country and Privatization of Forestry in the country.

## **CONCLUSION**

The House met for a total of 10 days despite the fact that the sitting was initially set for 7 days. It was extended by three days in order to deal with outstanding business. All motions (5) that appeared on the order papers were dealt with successfully. Despite the fact that a total of 8 bills were supposed to be deliberated on and passed by the House, of these, only 3 succeeded. The following bills failed to be tabled in the House because of inadequate time:

- Bill No. 5 of 2005: Fines (Conversion);
- Bill No. 2 of 2005: Securities;
- Bill No. 1 of 2005: Constitution (Amendment);
- Bill No. 3 of 2005: Penal Code (Amendment);
- Bill No. 18 of 2004: Money Laundering and Proceeds of Serious Crime;

The House was supposed to receive 9 reports, however only 4 were presented. The following reports were not presented:

- Malawi Inspectorate of Prisons – Fifth Annual Report;
- Report of the Health and Population Committee to the National Assembly on various activities for the period November, 2004 to March, 2005;
- Report of the Auditor General on the Accounts of the Government of the Republic of Malawi for the year ended 30th June, 2002;
- Report of the Auditor General on the Accounts of the Government of the Republic of Malawi for the year ended 30th June, 2003;
- Report of the Legal Affairs Committee to the National Assembly for the period September, 2004 to February, 2005 (The Committee Chair only reported on the reported fight between Hons. G. Mponda and J. Banda, who denied having been involved in a fight, but nevertheless apologized to the House. The intended report was not presented.);

Various Ministers were called upon by the members to make statements on some aspects of the operations of their ministries most of them complied. Only the Minister of Local Government failed to make a statement on 'the distribution of Maize Mills donated by the Government of Taiwan'.

In addition, the House also witnessed the swearing in ceremony for 7 M.P.s who had won their seats through the by-elections held on 11<sup>th</sup> January 2005. E. Chihana was conspicuous by his absence from the list.

The situation in the House was generally very tense during the first 7 days. This could mainly be attributed to opposition M.P.s' ire raised by the court injunction obtained by the acting IG of Police over her rejection by the Legislature. M.P.s viewed it as an infringement by the judiciary and thus retaliated through stratagems to delay the House's deliberations. Though the mood calmed towards the end, there was inadequate time to complete all the business that was supposed to be brought before the House.

(Prepared by: Kelvin Chirwa for the NUFU (Norway) Project

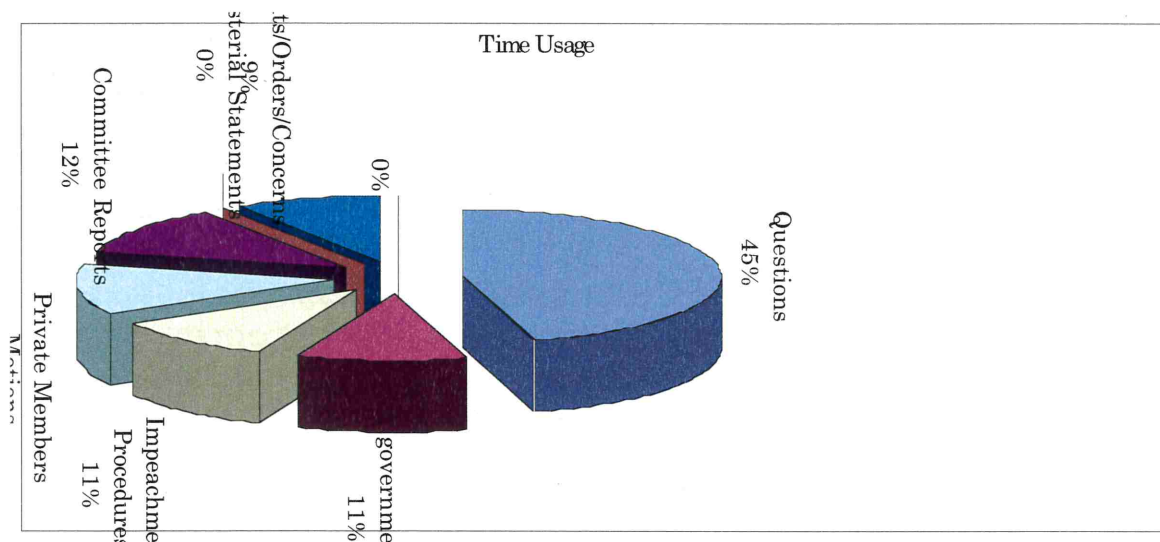
## Parliamentary Update

### 5th Meeting 38<sup>th</sup> Session

#### Duration

The 5<sup>th</sup> Meeting of the 38<sup>th</sup> session of the National Assembly of Malawi met for fifteen days, commencing Tuesday, 11th October 2005 and adjourning on Monday 31<sup>st</sup> October 2005. In aggregate the total sitting time for the period was 63hrs.

#### Time Usage



#### Government Business

##### BILLS

In this session, the Government had eleven bills, spilling over from the previous sessions to present and muster their passage in Parliament viz

- Bill No.18 of 2004: Money Laundering and Proceeds of Serious Crime;
- Bill No. 1 of 2005: Constitution Amendment (the objects of which are to effect amendments recommended by the Law Commission in its Report on the Technical Review Commission published on 16<sup>th</sup> November, 1998);
- Bill No.3 of 2005: Penal Code (Amendment);
- Bill No.5 of 2005: Fines Conversion;
- Bill No.7 of 2005: Criminal Procedure and Evidence Amendment;
- Bill No.8 of 2005: Police;
- Bill No.10 of 2005: Public Finance Management (Amendment);
- Bill No:15 of 2005: International Development Association (IDA) Emergency Drought Recovery Project Authorization;
- Bill No.16 of 2005: International Cooperation and Development Fund (Small Scale Enterprises project)(Loan Authorisation);

- Bill No.17 of 2005: International Development Association (IDA)(Irrigation, Rural livelihoods and Agricultural Development project)(Authorization);
- Bill No.18 of 2005: International Fund for Agricultural Development (Irrigation, Rural and Livelihoods and Agricultural Development Project) Loan authorisation) Fund;

In addition to the Bills, the Government had expected to make five ministerial statements from the Ministers of Mines; Health; Local Government; Industry and Trade and Private Sector Development.

However, because of insufficient numbers, the Government had difficulty in managing its business. Only two Bills, Bill No: 5 of 2005 - Fines Conversion and Bill No: 15 of 2005 - International Development Association Emergency Drought Recovery Project Authorization, which sought to provide immediate support to finance imports of maize, fertilizer and other production inputs received approval from the House.

Bill No:16 of 2005 - International Cooperation and Development Fund (Small Scale Enterprises Project)(Loan Authorization), which sought approval for a loan facility of US 1 million dollars from Taiwan was rejected on the premise that the amount was too small to warrant Parliamentary approval. The negative vote on Bill No:16 of 2005 and on Bill No. 7 of 2005: Criminal Procedure and Evidence Code (Amendment), led Government to defer its business to avoid further embarrassment. The strategic retreat by Government saw most bills being deferred to the next sitting of Parliament and some being referred to Committees for further scrutiny and consideration.

A total of 5 hrs in aggregate was devoted to Government bills during this session. (see chart - usage of time on the floor).

In the absence of any substantive Government business, Questions for Oral replies, Private Member's motions, Committee Reports, and Points of order/concerns occupied most of the Members' time for the remainder of the sitting.

## **Committee Reports**

### **Legal Affairs Committee Report on Impeachment Procedures**

**Three reports were tabled in this session and debate on them constituted 10% of the total time use of the house.**

First to be tabled, was the Legal Affairs Committee Report on Impeachment Procedures. As expected, it attracted a lot attention from the general public, Civil Society and development partners, such that the public galleries were full. The scenario provided a good platform for political grandstanding by the opposition. A total of twenty-one Members contributed to the debate with an aggregate time of seven hours. MCP and UDF members constituted the majority of members who spoke for the adoption of the report. The arguments for the support were premised on the need to:

- Promote and ensure a system of checks and balance on the Executive;

- Need to institutionalise a mechanism that will hold the Executive to account;

Other parties, it would appear, were not visible enough to "catch the Speaker's eye", to the extent that PPM were compelled to protest against the Speaker for failing to recognize any of its members who wished contribute to the debate.

The debate, which focused mainly on process and content issues, had tense and lighter moments. Tempers flared up when Hon. Stambuli (UDF), while contributing to the debate, referred to some members of the Government as mercenaries "... Mr Speaker Sir, maybe as we stand here, the only credible people who may claim that they are not in opposition, could be those who are in Cabinet, otherwise the others might be there as mercenaries, they might go this way or that way..."

This did not go down well with Government members, who countered by accusing the opposition of wanting to get into Government through the back door by using the National Governing Council as the vehicle.

Members, mostly from the Government front bench, who spoke against the report, cited:

- Conflict of interest in respect of the leadership of the Committee;
- The composition of the Committee is heavily skewed in favour of the Opposition;
- Limited and selective consultations;
- Failure to heed recommendations from other stakeholders, in particular, the Law Commission;
- Failure to address issues of natural justice and bias;
- The haste with which the process was being carried out; and
- Talk of the pending National Governing Council Bill;

Some of the aspects which compromised the objectivity of the report and hence the need for further consultations, however that notwithstanding, by virtue of the numbers, the Opposition carried the day as the report was adopted with a simple voice vote.

On this report, participation by women in the debate was very low as only one woman from UDF contributed in support of the report. The majority came in marginally through raising points of orders and concerns.

Following the adoption of the Impeachment procedures by the House, the Public Affairs Committee (PAC) sought a judicial review on the constitutionality of the impeachment procedures as adopted. The determination by the Courts on PAC's application had its share of judiciary drama, as two Courts gave conflicting determinations in space of an hour.

Justice Manyungwa, sitting as High Court Judge, dismissed PAC's application, while a Constitutional Court, comprised of a bench of three Supreme Court Judges, issued an order stopping the Speaker from implementing the

procedures pending judicial review.

The determination by the Constitutional Court effectively put proceedings and debate on Impeachment procedures in Parliament in abeyance.

### **Public Accounts Committee**

Another Committee report which courted controversy, was the Public Accounts Committee Report on the Investigation into the Operations and Management of the Credit Scheme. This report was against a backdrop of allegations that the Secretary to the Treasury, Dr. Milton Kutengule, diverted MK20million, issued by Malawi Telecommunications (MTL) as dividend to Government, to an account with the Finance Bank of Malawi - contrary to Governmental financial procedures. The Credit Scheme Account was opened purportedly as an operating account for Malawi Rural Development Fund (MARDEF) thereby impelling the Minister of Finance Hon. Goodall Gondwe to order an audit on the account by the National Audit Office and the report thereof, formed the basis of subsequent investigations by the Public Accounts Committee.

The Committee report, tabled by Hon. Ndanzalimodzi, accused Government of using the account to fund clandestine political activities such as "buying" members of the Opposition to support Government business. The report, amongst other things, recommended that appropriate action should be taken against the State President and Cabinet for engaging in corrupt practices of bribing and enticing members of Parliament.

Government, for its part, dismissed the report as fundamentally flawed and observed that it did not comply with provisions of Standing Order 181 which provides... *"...For persons named in Committee findings and whose reputation may be damaged shall be acquainted with the findings and reasonable opportunity accorded to make submissions to the Committee...."*. The report mentioned some members of Cabinet, who were purported to have benefited from withdrawals from the account, but were not given an opportunity to make a submission to the Committee. The Speaker conceded the observation, and the report was referred back to the Committee.

### **Private Members' Motions**

#### **Hunger Crisis – Hon. Lillian Patel (UDF)**

Besides the high profile motion by Hon. Lucius Banda, which culminated with the Legal Affairs Committee Report on Impeachment Procedures, there were other motions which took centre stage in Parliament. The motion by Hon. Lillian Patel (UDF) on the Hunger Crisis drew robust debate. In her censure motion, she condemned Government for implementing the Targeted Fertilizer Subsidy in place of the Universal Fertilizer Subsidy as was agreed by Parliament and went on to bemoan the tardiness with which the Government was handling the hunger and the fertilizer situation. She recommended that Government should declare a State of National Disaster and that Government should provide free food and fertilizer to the most vulnerable sections of Malawian society.

Hon. Gadama (MCP) accused Government of making political capital out of



the subsidy by giving vouchers and coupons to individuals and groups sympathetic to its political cause.

In defence of Government, Hon. Chimombo laid the blame squarely on Parliament for having approved the budget with inadequate funding to support the universal fertilizer subsidy. To buttress Hon. Chimombo's argument, Hon. Dr. H. Ntaba, Minister of Health, advised the House that it approved MK4.5 billion for an exercise, which would, in normal circumstances, cost no less than MK15 billion.

### **Legal Education and Practitioner's Amendment Act- Hon. Billy Kaunda**

Hon. Billy Kaunda's motion sought to propose amendments to the Legal Education and Practitioner's Act. It sought to:

- Make it mandatory for the Law Society to establish a fidelity fund;
- Create an autonomous Committee to oversee the Disciplinary Committee of the Law Society;
- An act to regulate and liberalize debt collection; and
- Review the requirement that lawyers trained in the United Kingdom must have practised in that country before they can be admitted to the Malawi Bar;

In response, the Minister of Justice accepted the recommendations and promised to take them on board when the Act is reviewed. What is of interest in Hon. Billy Kaunda's motion, is the demonstration of how individuals, interest groups and Civil Society can use the window of private motions in pursuit of their objectives. Interest groups and civil society can use this window to initiate debate in Parliament on issues of particular interest to them, provided the member is well briefed before presenting the matter in Parliament.

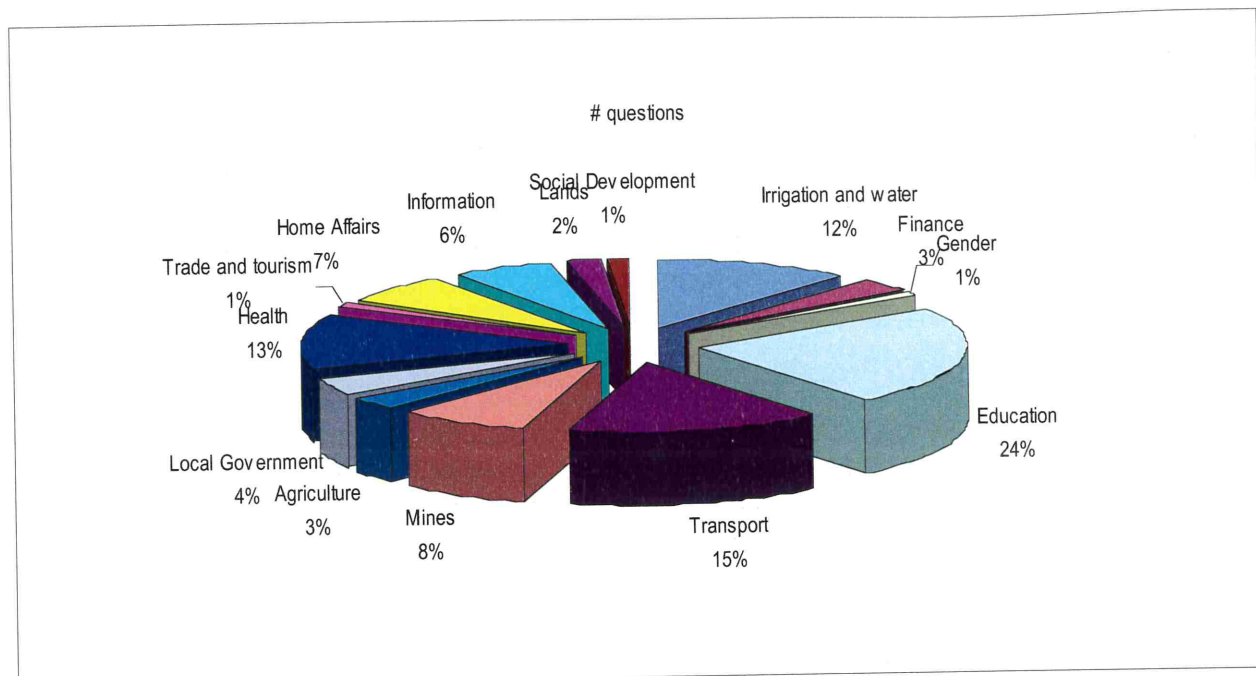
### **Concern on Road Carnage**

In view of the high carnage on the roads, Hon. Gulule's motion sought to allow Government to put in place, mechanisms and instruments that will deter high speeds and reckless driving on the roads. The motion won the support of the House, coming in the wake of recent road accidents, which claimed many lives.

### **Questions**

A total of two hundred questions were presented to various Ministers during this sitting period. Education, Transport, Health, Irrigation and Water had the highest number of questions. Ministry of Finance and Gender had the least.

What can be deduced from the chart featured hereunder, is the focus on constituency infrastructural development. This is a normal phenomenon in the life cycle of a Parliamentarian. In the initial phase upon election, the Member of Parliament should be seen to be bringing change and development in the constituency. It will be interesting to see the shift in focus midway and towards the end of the term.



## Parliamentary Update

24<sup>th</sup> –28<sup>th</sup> October 2005

### Bills and Issues Before Parliament

#### Bills

In this week, a total of seven Government-sponsored bills were supposed to have undergone through the three readings if the Executive had mustered enough support for their passage. The Bills are:

- Bill No.18 of 2004: Money Laundering and Proceeds of Serious Crime;
- Bill No: 1 of 2005: Constitution Amendment (the object of which was to effect amendments recommended by the Law Commission in its Report on the Technical Review Commission published on 16<sup>th</sup> November, 1998);
- Bill No.7 of 2005: Criminal Procedure and Evidence Amendment;
- Bill No.8 of 2005: Police;
- Bill No. 10 of 2005: Public Finance Management (Amendment);
- Bill No. 17 of 2005: International Development Association (Irrigation, Rural livelihoods and Agricultural Development project)(Authorization);
- Bill No. 18 of 2005: International Fund for Agricultural Development (Irrigation, Rural and Livelihoods and Agricultural Development Project) Loan authorisation Fund;

In what emerged to have been a ploy by the opposition to lull Government into believing that they were in support of Government bills, the opposition supported the bills during the second reading debate, but only to call for

division at Second Reading. This ploy caught the Government front bench by surprise - the consequences of which were a negative vote on the Criminal Procedure and Evidence Code Amendment, and subsequent deferment of every sitting day for all Government bills. The failure to master the requisite numbers to pilot Government business in the house created a crisis of confidence on the front bench as to how and when to push Government business. It is evident from the proceedings this week, that the Government needed some time and space to re-strategise the conduct of its business in the House.

### **Bills Referred to Committees**

- Bill No. 3 of 2005: Penal Code (Amendment) referred to Legal Affairs Committee on Friday, 14<sup>th</sup> October, 2005;
- Bill No. 2 of 2005: Securities (referred to Commerce, Industry and Tourism Committee on Wednesday, 19<sup>th</sup> October, 2005;

### **Bill/s on Notice**

- **Private Member's Bill No. 2 of 2005: Constitution** (Amendment), whose object was to amend section 83 of the Constitution in order to provide for the formation of a National Governing Council;

### **Committee Reports.**

In what may be viewed as a positive development or perhaps, political expediency by the Executive, two reports by the Public Accounts and Budget and Finance Committees were tabled and debated. Despite the fact that this is what should ideally happen, in practice, Committee reports rarely find space on the order paper and the Business Committee should be commended for creating that time slot for Committee reports. This ought to be institutionalised in the standing orders.

Whilst there was unanimity across the political divide in accepting the findings and recommendations from the Budget and Finance Committee on MARDEF, the Executive benches dismissed the Public Accounts Committee Report conclusions on the Investigation into the Operations and Management of the Credit Scheme Account on the grounds that it was fundamentally flawed and that it did not comply with certain provisions of Standing Orders - in particular Standing Order 18 which provides for '*persons named in Committee findings and whose reputation may be damaged shall be acquainted with the findings and reasonable opportunity accorded to make submissions to the Committee.*'

### **Private Members' Motions**

Two private members' motions were debated and adopted by the House:

1. Hon. Gulule's motion urged the Government to implement measures that would reduce the carnage on the roads;
2. Hon. Billy Kaunda's motion sought to propose some amendments to the Legal Education and Practitioner's Act.

Of interest in Hon. Kaunda's motion, is the demonstration of a window which

Civil Society could use in pursuit of their objectives. Civil Society can use Private Members motions to initiate debate on any issue in Parliament provided the Member is well briefed prior to the event.

### **Other Issues of Interest.**

#### **Speaker's Rulings**

The Speaker made a ruling upholding the *sub judice* status with respect to the debate on Impeachment. He further ruled that the report from Public Accounts Committee on the Investigation Into the Operations And Management of Credit Scheme Account, be referred back to the relevant Committee with instructions to address issues of procedural omissions observed by the Front Bench.

#### **Parliamentary Privileges and Immunities**

The house had to adjourn early on Monday to safeguard Members, whose security was deemed imperilled by anti impeachment protesters, who had picketed the entrance to the New State House.

(Prepared by: Sylvester Masamvu on secondment from IDASA/FK for the IPI/IRCC Project)

## **PARLIAMENTARY UPDATE**

### **October 2005 No. 2**

#### **Parliament and the Litigation Web**

The 5<sup>th</sup> Meeting of the 38<sup>th</sup> session of Parliament was beset by two contentious issues, whose outcome may determine and reconfigure the balance of power in the three institutions of the State by redefining their boundaries.

#### **Impeachment Process**

Malawi has become a very litigious society. The cases before the Courts and the proceedings of the 5<sup>th</sup> Meeting of the 38<sup>th</sup> session of Parliament exemplify this notion. The proceedings of the 5<sup>th</sup> meeting have been characterised by a flurry of litigation to the extent of making Parliament dysfunctional. Whereas the principles of separation of powers are well anchored in the Constitution, the proceedings of the 5<sup>th</sup> session have given cause for review of some of the tenets of horizontal accountability between the three arms of Government, given the principle that the three institutions of the state should balance and check and mutually be supportive of each other in order to make Government work smoothly.

The litigation web in which Parliament finds itself enmeshed, began on Thursday 23<sup>rd</sup> June 2005, when Hon. Lucius Banda MP of the United Democratic Party (UDF), moved a **Private Members Motion**, which sought to include impeachment procedures in the Standing Orders of Parliament. The rationale for the motion, was that it was required for posterity and was not targeting the incumbent President. The smoke screen notwithstanding, it was common cause that the ultimate intention was to impeach the incumbent President. The motion

was hurriedly debated, adopted and, on the insistence of the Executive benches, referred to the Legal Affairs Committee for further consideration and consultation.

In what many considered to be limited and selective consultations, the Legal Affairs Committee tabled its report on Impeachment Procedures on Thursday 13<sup>th</sup> October 2005 for debate on 17<sup>th</sup>-18<sup>th</sup> October, 2005. The Impeachment procedures were adopted by the House on 18<sup>th</sup> October, 2005 with a simple voice vote.

Pursuant to the adoption of the procedures, Hon. Milanzi MP (UDF) filed a motion to indict the President before Parliament, citing seven grounds as just cause for the indictment. The motion however, was stillborn as the High Court granted the M.P. for Karonga Nyungwe, an injunction for his application which called for restraining Parliament from summoning the President for indictment.

Parallel to the Parliament proceedings, the Public Affairs Committee (PAC), a Civil Society Group, sought a judicial review on the constitutionality of the impeachment procedures as adopted by the House. The determination by the Courts on PAC's application had its share of judiciary drama as two separate courts gave conflicting determinations in the space of an hour.

Justice Manyungwa, sitting as a High Court Judge, dismissed the PAC application, whilst a Constitutional Court, comprising of a bench of three Supreme Court Judges, issued an order preventing the Speaker from implementing the procedures pending judicial review. The determination by the Constitutional Court effectively put proceedings and debate on Impeachment procedures in Parliament in abeyance until such time as the judicial process had been completed and may indeed be construed as a direct impingement of Parliamentary sovereignty by the judiciary.

### **Crossing the floor (Section 65 (1))**

In addition to the impeachment process, the interpretation of Section 65 (1) which addresses the issue of crossing the floor by M.P.s still continues to be a contentious issue in Parliament despite many previous amendments to the said section. On Monday 31<sup>st</sup> October 2005, the Speaker was set to make his ruling in respect of complaints received from the United Democratic Party (UDF), the Malawi Congress Party (MCP) and Hon. Uladi Mussa MP, against the Member for Mulanje Central, whereby the aggrieved parties requested the Speaker to declare vacant, the seats of those members whom they deemed to have 'crossed the floor'.

However this was not to be, as the Speaker was served with an injunction by the Solicitor General restraining him from making rulings on the petitions. The Speaker informed the House of the Restraining Order, which the House referred to the Business Committee for further consultations. On advice from the Business Committee, the House resolved to:

- Engage Private counsel to represent Parliament, since the Attorney General who ordinarily would represent Parliament is also counsel for the Executive and had shown overt bias;

- That the legal costs be met by the Government through Parliament;  
and
- To adjourn the House until the issue of all these injunctions was resolved beyond any shadow of a doubt;

There was a feeling of despair among the members as it dawned upon them that even the most fundamental functions of the august House appeared to be at the mercy of the Courts. The question that thus arises is whether this was in line with what the Framers of the Constitution had in mind, or should the parameters be redefined. These, among other questions and the outcome of the litigation processes currently underway, will define the legal framework through which Parliament will operate.

(Prepared by: Sylvester Masamvu on secondment from IDASA/FK for the IPI/IRCC Project)

## **Parliamentary Report**

### **1st Meeting: 39th Session**

#### **Duration**

The 1st Meeting of the 39th session of the National Assembly of Malawi met for fifteen days, commencing on Tuesday, 4th April 2006 and adjourning on Friday 28th April 2006. In aggregate, the total sitting time for the period was about 63hrs.

#### **Introduction**

After an inordinate delay in reconvening Parliament, Dr Bingu Wa Mutharika, the President of the Republic of Malawi, prorogued the 38th session on 28th March, 2006 and officially convened and opened the 1st meeting of the 39th session on the 4th April, 2006. The prorogation of the 38th session technically meant that all the pending business in that session automatically lapsed and had to be re-introduced in the 39th session. This put to rest all the contentious issues which had previously haunted the President. It remains to be seen whether the Opposition would still revive and pursue the contentious issues to finality in view of the new configuration in terms of numbers in the House after numerous defections from the Opposition benches to the Government benches.

#### **State Address**

The state address, whose theme was "Living Together In Peace And Harmony", set a conciliatory tone that became the hallmark of the debates in the 39th session. To the surprise of many, the Opposition was equally conciliatory, applauding Government in some instances and offering constructive criticism where necessary. This rapprochement between the Opposition and the Government, coming in the wake of events such as the DPP winning all six seats in recent by-elections; 74 members declaring their allegiance to Government, application of Constitutional Section 65 (Crossing the Floor) being put in abeyance as a result of its referral to the Supreme Court for determination, and Mutharika meeting the leaders of the Opposition before the opening of the 39th Session, served to reverse the adamant obduracy displayed by the Opposition to the Government during the last session.

The two-hour State address, which did not have any new policy pronouncements, focused mainly on highlighting success stories and challenges facing Government. On the downside, of major concern was the slow down in economic growth of 2.1% as opposed to 4.3%, which, he said, militated against the Government's effort to reduce poverty and bring about socio-economic prosperity. He pledged his Government's commitment to implement sound economic management policies, zero tolerance on corruption and strengthening fiscal discipline in the public sector. He welcomed and commended the support that Multilateral institutions like IMF, World Bank, and the EU as well as other bilateral Donors were affording to the National Budget and the economic reform program.

In response, Hon. J. Z. U. Tembo, Leader of the Opposition, began by thanking the President for "his lucid statement" and went on to welcome the new seating arrangement in the House, which now placed the UDF with the opposition benches. The response, which was very complimentary and conciliatory, urged Government to address the following concerns:

- Audit Report of Maize imports and distribution;
- Transparency in the disbursements of MARDEF loans/funds;
- Transparency in the tendering for the National Identity Cards/Registration program;
- Perceptions that the application of zero tolerance on corruption is selective and targeted specifically to members of the Opposition;
- Clarity and openness with respect to the progress and funding of the Shire/Zambezi waterway;

On its part, the UDF represented by Hon. Dr Nga Mtafu, welcomed the resumption of the IMF program which, he said, was the realisation of the process initiated by UDF in 2002. He also applauded the establishment of Mardef, but warned the Government against using the fund to empower DPP functionaries, sympathisers and supporters. Whilst appreciating the introduction of the "Money for Work Program", he noted that the program was highly politicised and that it should be programmed not to coincide with the rain/planting season as this would affect productivity on the fields as was the case in the year under review

As regards elections, Dr Mtafu raised concerns on the inordinate delay by Government in holding local Government elections and noted that absence of such elections, regardless of the excuses proffered by Government, compromised the whole concept of representative democracy in Malawi.

He concluded by asking Government to establish a Constituency Development Fund, as was the case in the Kenyan National Assembly which, he said, would go a long way in assisting MPs to generate and participate in constituency development activities.

However the debate on the State Address was not without cynical moments, Hon. Ms L. Gondwe (AFORD) drew the wrath of the Government benches when she labelled them as "ganyu" (derogatory term which means fortune seekers or casual workers).

In this session, the Opposition was very ambivalent, blowing hot and cold - a far cry from the stern Opposition of the 38<sup>th</sup> session.

### **Government Business**

Unlike the 38<sup>th</sup> session, where Government could not muster sufficient support for its business, the same cannot be said of the 39<sup>th</sup> session where, with political power asymmetry in its favour, the Executive had relative success in managing its legislative business. Government gave notice of presentation of nine Bills of which five passed with ease viz:

- 1 Bill No 1 of 2006: International Development Association - Irrigation, Rural



livelihoods and Agriculture Development Project. (Authorization and Ratification);

2 International Fund for Agricultural Development - Irrigation, Rural Livelihoods and Agricultural Development Project. (Loan Authorization and Ratification);

3 Bill No19 of 2005: Roads Authority;

4 Bill No 20 of 2005: Roads Fund Administration;

5 Bill No 5 of 2006: Prevention of Domestic Violence;

The Money Laundering Bill, of which notice of presentation was also given, could not be considered due to perceptions of poor timing, coupled with media speculation that the Bill was targeting specific people such as the past President, Dr Bakili Muluzi. This meant that UDF and some other pockets of the Opposition did not support the Bill.

This has been the general trend with regard to the Money Laundering Bill since it first appeared on the Order Paper in 2002. Only time will tell whether there will ever be the requisite convergence of interests and values between Government and the Opposition in respect of Bills such as this.

#### **Mid Year Review of 2005-2006 Budget**

In addition to the Bills, the Government presented a Mid-Year review of the 2005-2006 Budget, wherein it sought additional appropriations for some Ministries. In his speech, the Minister of Finance, Hon. Goodall Gondwe cited slippages in revenue projections, expenditure overruns in the purchase of maize, fertilizer and the public service salary review as major causes for the need of additional funding. The Minister thus sought parliamentary approval for an additional MK10 billion in overall budget appropriations.

The Review Statement attracted considerable disquiet from the Opposition, particularly from the Chairman of Public Accounts Committee, Hon. Ndzanjalimodzi, who is also the Spokesperson for Finance in MCP. He noted with dismay, the irregularity regarding the procedural manner in which the Minister was seeking Parliamentary approval for an Additional Appropriation through a Review Statement rather than a Supplementary Appropriation Bill as required by Section 177 of the Constitution. He raised concern on the under-funding of the National Audit Office which, he said, impacted negatively on the oversight function of the House through the Public Accounts Committee. He further noted that, the under-funding of the Audit office reduces the incidence of audits on Government departments, thus creating conditions for fiscal indiscipline. He urged the Minister of Finance to regularise the additional funding by bringing a Supplementary Appropriation Bill to Parliament.

In his contribution, Hon. Jumbe, as Spokesperson for the UDF, congratulated the Government for bringing back the IMF programme, noting that it was no mean achievement knowing the conditional ties associated with resumption of such programs. He cited the issues of prudent fiscal management, political and economic governance as some of the benchmarks required for resumption. The

challenge to Government, he noted, was not resumption, but rather sustainability - particularly so when the political governance index appears to have a negative drift. He concluded by urging Government to comply with the Finance Management Act and Constitutional requirements in respect of the additional funding being sought.

Hon. M Katsonga Phiri, representing PPM, welcomed the review and in particular, Donor Support on the Budget. He echoed the same sentiments by Hon. Jumbe for the Government to address the economic fundamentals that will enable the country to extricate itself from the dependency on Donors for Budgetary support.

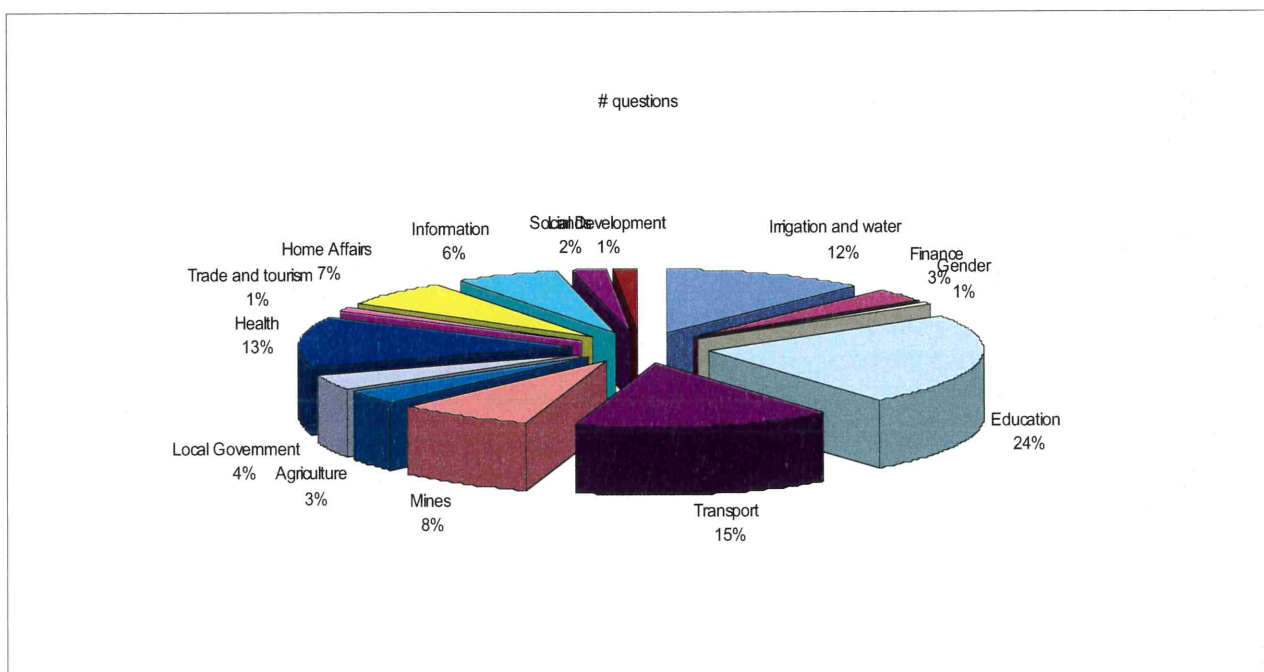
### Committee Reports

Two Committee reports were tabled, presented and adopted by the House in this session.

The Chairperson of the Agriculture and Natural Resources Committee, Hon. Dzoole Mwale, presented a report on the Assessment of Hunger/Food Situation in Malawi, and Monitoring of the Implementation of the Universal Fertilizer Subsidy, while the Chairperson of the Public Accounts presented an Interim Report on the Auditor General's Reports for the Financial years ending 30<sup>th</sup> June 2002 and 30<sup>th</sup> June, 2003.

### Questions

In this session, a total of 117 questions were put on notice for Oral replies.



The trend and focus remain the same as in the 38<sup>th</sup> Session where the greatest intensity was with regard to Irrigation, Health, Education and Transport Ministries.

### Private Members' Motions

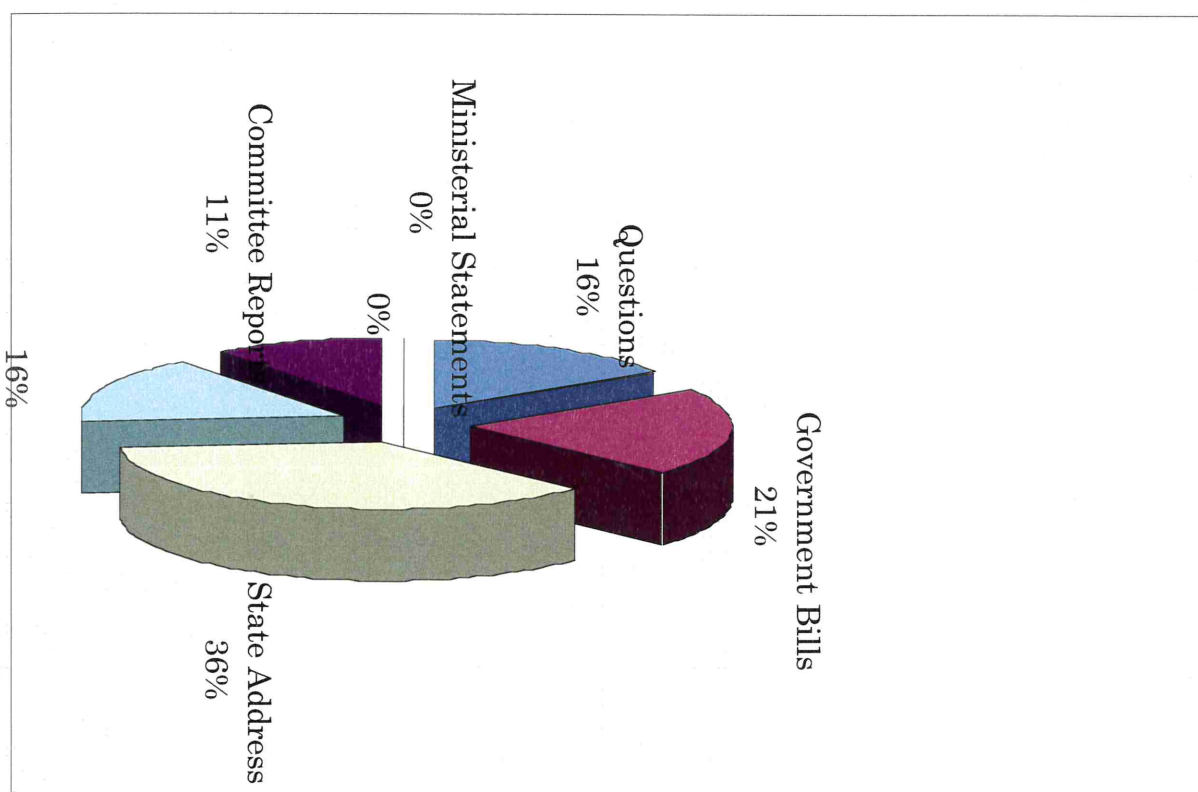
Six private members' motions were moved and adopted in this session. Hon. Chimponda moved a motion which urged Government to review the 2005/2006

hunger situation and to ensure that:

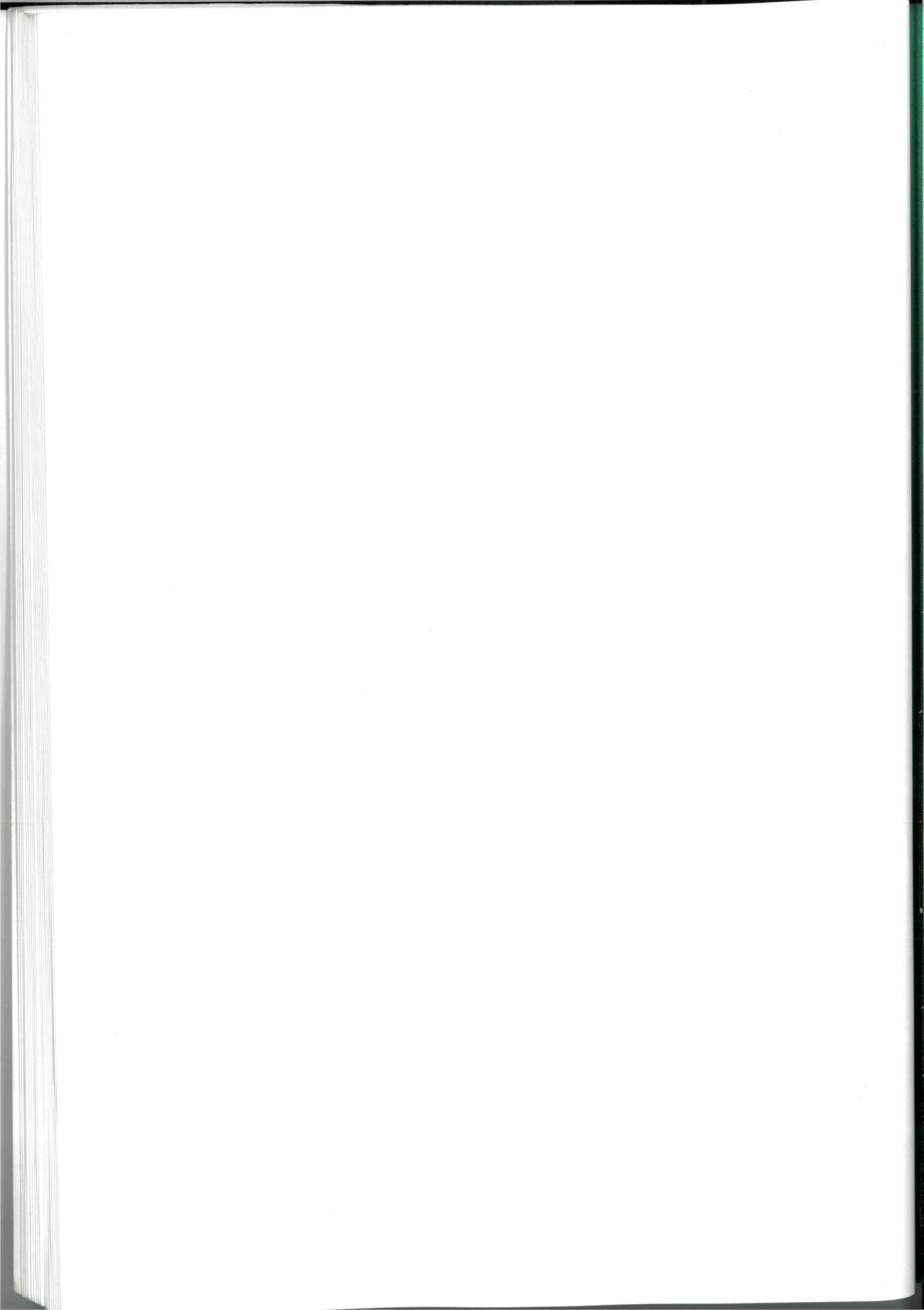
- Maize be recognized as a special, protected, controlled and regulated crop;
- The Universal Food Subsidy programme be fully implemented; and
- Review the ADMARC Act to scrap aspects of Commercialisation;

Hon. M. Lunzi's motion, which had the support of all members across the benches, requested Parliament to establish a Constituency Development Fund to assist MPs in constituency development activities. Other private members motions adopted by the House were on Essential Drugs, Tobacco Prices and the soaring Land Taxes.

### Time Usage



In this session, Government business represented by the State Address and Government Bills, dominated the time usage in the house. This increase can be attributed to the growing confidence by Government to push through its business as a result of the growing numbers of supporters on its benches. In the 38<sup>th</sup> session, the time usage was skewed in favour of opposition business because the Government could not muster sufficient numbers to guarantee passage of its business. However a positive development, which is improving with each session, is the increase in time provided for Committee reports and Private Members motions. This is a welcome development for it will provide a valuable window for effective oversight by individual members and Committees through debates on motions and Committee reports.





**THE INSTITUTE FOR POLICY INTERACTION**  
**Parliamentary Update**

**2<sup>nd</sup> Meeting: 39<sup>th</sup> Session**  
**BUDGET SESSION**

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Funded by: IRCC - Switzerland

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## 1.0. Duration

The second meeting of the 39<sup>th</sup> session of the National Assembly of Malawi met for 9 weeks (37 days), commencing Tuesday, 6<sup>th</sup> June 2006 adjourning sine die on Friday 4<sup>th</sup> August 2006. On aggregate, the total sitting time for the period was 140 hours. It should however be noted that this session was initially supposed to be for 6 weeks ending on 14<sup>th</sup> July 2006. But due to the amount of business on the table and emerging developments, it took the aforementioned time.

## 2.0. Introduction

Dr Bingu wa Mutharika, the President of the Republic of Malawi officially opened the 2<sup>nd</sup> meeting of the 39<sup>th</sup> session on the 6<sup>th</sup> June, 2006.

### 2.1. Budget Opening Statement by the State President, Dr. Bingu wa Mutharika.

The President started by stressing that this year's budget is a development budget whose main objective is to move the nation out of the "poverty trap" as soon as possible. He continued by tackling three other challenges namely, hunger, disease and envy. He further stressed that of these three, he had no cooperation and idea on how to tackle envy.

The President also said that in order to achieve a faster and sustainable rate of economic growth, the country needed to focus on what he termed "priorities within priorities." These five priorities are as follows, in their order:

- **Agriculture and Food Security:** On this point, Dr Mutharika emphasized that Malawi can produce enough to feed her own people and that she should stop begging from outside. This shall be done by allocating adequate funds to the Ministry for Agricultural Development so that food production outpaces population growth. He also informed the house that the maize harvest estimate for this season was 2.3 million metric tonnes, which is in excess of the 2.2 million metric tonnes national requirement. He attributed this to favourable rainfall and his government's introduction of a fertilizer subsidy programme. Apart from subsidized fertilizer, he also promised the availability of adequate commercial fertilizer on the market before the rains start. He also said that his government would provide relief food to areas like Kasungu and Nkhata Bay where there is hunger due to poor rains and/or floods.
- **Irrigation and water development:** This supports the agriculture and food security in reducing dependence on rain-fed agriculture. As such the government will implement some small and medium irrigation schemes including the construction and rehabilitation of multipurpose dams throughout the country. He said Treadle and motorised pumps will continue to be supplied to farmers to enhance intensive irrigation agriculture. Dr. Mutharika took the opportunity to thank the World Bank for providing US\$ 50 million and the International Fund for Agricultural Development (IFAD) for their assistance in the irrigation sector.
- **Transport and communications infrastructure.** Dr. Mutharika said that it was imperative to have adequate transport and communications infrastructure.

In this regard, his government had started works on the much talked about Karonga-Chitipa road and also on other important road projects like Zomba-Jali-Phalombe-Chitakale road. On Shire-Zambezi water-way, the President informed the House that funds for conducting a feasibility study have been identified and that the Mozambican government has given the Malawi government an assurance of their commitment and cooperation towards the implementation of this very important project. He concluded by urging full and unconditional support by the August House towards this project which has a crucial role in the growth and development of our country. If accomplished, transport costs would be reduced by at least 60%.

- **Energy.** In order for Malawi to turn from an importing and consuming nation to a producing and exporting one, there is a need for adequate energy supplies. For this reason, he said government was currently rehabilitating Tedzani and Nkula Hydro-Power Stations and identifying additional sources for hydro-power generation through the construction of small, medium and large scale multipurpose dams.
- **Integrated rural development.** Dr wa Mutharika said an effective way of fighting poverty is to empower the rural people through income generating activities. Hence the government would identify and promote Rural Growth Centres equipped with all necessary infrastructure such as a good tarmac road, piped water, electricity, a police station, a bank, a post office, a hospital, a secondary school and a community hall. At these centres, rural industries will be established to promote value addition to agricultural products. He added that his Government would also enhance the fruition of the One Village One Product (OVOP) project. To this end, and with the assistance of cooperating partners, the government has already identified three growth centres in Neno, Dowa and Chitipa Districts.

The President concluded his speech by hinting that these five priorities had been selected because of their combined impact on the growth and development of the country. He also expressed deep appreciation to cooperating partners; both multilateral and bilateral, for their positive and unwavering support to his government during the past two years.

Finally, he stated that politics of hatred, confrontation and destruction which has been witnessed in the past two years, adversely affect the country's development efforts. He therefore called on all the Members of Parliament to rise above partisan politics and focus on the need to pull the country out of poverty by passing the 2006/2007 budget.

## **2.2. Responses to the President's speech by the Leaders of Political Parties**

### **2.2.1. Response by the Leader of the opposition, Hon J.Z.U Tembo**

In response to the President's speech, Leader of the opposition, Hon J.Z.U Tembo, began by recalling his sentiments in the last sitting in April 2006 when he called for dignity in the House, welcomed new DPP members following the December 2005 by-election and the new sitting arrangement in the House where the UDF Members of Parliament (MPs) had crossed the floor. But he noted with concern how the

government side had grown. Hon Tembo deplored the mechanism of the growth of the government side which he deemed contradictory to the State of the Nation Address by the President in April this year whose theme was "Living together in peace and harmony."

On the Budget Opening statement, the Leader of the Opposition started by congratulating the State President for what he termed a "lucid Budget Opening Statement" which was clear, brief and well delivered. He assured the President of the opposition Members' commitment in working with the government to serve the interests of the public and improve their welfare. He also expressed total support on the President's priorities most of which he said were also high on his Malawi Congress Party (MCP) agenda. He called for transparency and accountability in all the planned activities outlaid in the President's speech. He however, expressed concern that the President left out the social sector, particularly education and health as key development areas that needed to be prioritised. In direct response to the speech, he raised the following concerns:

- On Agriculture and food security, he called for the outstanding Audit Report of Maize imports and distribution for last year. He called for the continuation of the subsidized fertilizer to smallholder farmers and discontinuation of the targeted fertilizer subsidy due to lack of transparency in the beneficiaries' selection and in the distribution. He also proposed that the access to subsidized fertilizer should be done through farmers clubs and not through coupons, emphasizing that coupons were selective and the basis for selection was open to abuse as evidenced from the last growing season.
- On Irrigation and Water Development, he expressed the need to desist supplying of treadle pumps based on political consideration. He called for a report on the distribution of treadle pumps at the end of the exercise.
- On transport and public works, Hon Tembo stated that investment on the Shire-Zambezi waterway should wait for the feasibility study. He added that the maintenance of infrastructure should extend to buildings such as school blocks some of which are in very pathetic condition and hazardous to pupils.
- On performance of the economy, governance and decentralization, Hon Tembo called for prudence in order to ensure stabilization in the economy. He urged the government to put in measures which would make Malawi qualify for debt relief. He also regretted what he called the flouting of the constitution where he cited the failure by government to organise for the holding of local government elections as a sign of non-committal on the same.
- Need for establishment of a Constituency Development Fund for urgent development projects within the constituency.
- The Leader of the opposition noted that the Cabinet had since been increased from 28 to 37 Ministers, a development he described as sad because the appointments were allegedly made to appease individuals and gain strength in the House.

- Hon Tembo said the House was still expecting the promised ministerial statements and reports on a number of important issues such as the theft of drugs in the Ministry of Health which was supposed to be submitted to the House before commencement of debate on this budget.
- He further deplored the inhuman treatment of some vendors who were removed from the streets without alternative venues from where they can continue with their trade.
- Hon Tembo concluded by calling for a report on the progress of the MARDEF loan scheme.

### **2.2.2. Response from the leader of UDF**

In his response, the Leader of UDF in the House, Dr. Nga Mtafu also reflected on the President's Budget opening address, the State of the Nation address in April and his Anniversary Speech after clocking two years in office as President. While he agreed with the State President on the problem of envy, he believed it was Dr. Mutharika's duty to take the initiative. Dr Mtafu claimed that the President's five priorities were all contained in the manifesto of the UDF. He concurred with Honourable Tembo that the State President had limited himself on the priorities and therefore took the initiative to add three more priorities namely; social sector (education and charity), mining and tourism.

The Leader of UDF also bemoaned the economic downturn, which he said was now forcing some investors to close their businesses. For that reason, he wondered where investors would be found for the Shire-Zambezi waterway project.

But Dr Mtafu's response raised tempers particularly from the government side when he attacked the President for what he claimed was the poaching of MPs from his party by the governing DPP party. He accused the President of not being interested in unity and reconciliation citing the President's failure to attend the reconciliation talks he initiated with the support of opposition political leaders. The talks were scheduled to take place in South Africa early this year and only the MCP and UDF went to attend the talks. This was however refuted by the Finance Minister, Hon. Goodall Gondwe who stated that these talks were funded by the World Bank and Hon. Ntafu was told not to refer to the conduct of the Head of State according to Standing Order 84. On governance, he expressed concern over the unlawful arrests of members from the opposition like a Mrs. Kadango who was arrested because her husband was not available and Mr. Ndaila Onani arrested and harassed on his hospital bed only to be released unconditionally.

### **2.2.3. Response by the Dep. Leader of PPM**

In his response, the Dep. President of PPM, Hon M. Katsonga raised the following issues on behalf of his Leader, who was undergoing medical treatment and thus, could not be present:

- Transformation of societal values by supporting and promoting contents of a recently-issued Pastoral letter that challenges all Malawians to move away from arrogance, ego, selfishness and greed and start to protect human dignity by promoting cultural values and gender mainstreaming.

- Work for the common good by promoting a sense of reconciliation and social responsibility.
- Break away from poverty by addressing causative factors such as the devastating HIV and AIDS pandemic.
- Support to the Leader of Opposition, Hon Tembo's proposal that subsidised fertilizer should be sold through farmers clubs who have effective control mechanisms.
- Government to consider provision of hybrid seeds to improve agricultural productivity.
- Rehabilitation of the available transport infrastructures like the Nacala corridor.

However, the debate on the State Address was not without cynical moments, Hon J. Bande, Deputy Minister of Tourism, drew the wrath of the opposition benches when she accused Leader of UDF, Hon. Ntafu as "*mukumabwera mutamwa mowa ndi kusuta chamba*" (you come after drinking alcohol and smoking Indian hemp).

### **3.0. Government Business**

#### **3.1. 2006/2007 Budget Session**

##### **3.1.1. 2006/2007 Budget Statement: Hon. Goodall Gondwe, Minister of Finance**

The 2006/2007 Budget Statement was eloquently and clearly presented in the house on 16<sup>th</sup> June 2006 by the Minister of Finance, Hon. Goodall Gondwe. He started by explaining about the hunger crisis the nation had experienced and how the Malawi Government, Members of Parliament in their constituencies, donors and NGOs worked together to help turn hopelessness and despair into courage and determination. He expressed the deep gratitude of Malawi to the donor community who included DFID of the United Kingdom, EU Delegation, Norway, World Bank, the World Food Programme of the United Nations and the international leadership of the United Nations, for tirelessly working with them in this time of need.

On the economic outlook for Malawi, he expressed optimism that by December 2006, the inflation rate would have gone down to a single digit.

The Minister also informed the House that having met the fiscal targets set during the past two years and satisfied the World Bank regarding the conditions and measures called "triggers", for reaching the Highly Indebted Poor Countries (HIPC) completion point and the three unmet triggers that will likely be waived by the International Monitoring Fund (IMF) Board and justified at the World Bank Board Meeting, the Malawi government is poised to reach the completion point under the Highly Indebted Poor Countries (HIPC) debt relief initiative during the 2006/2007 financial year, which will consequently lead to the highly needed multilateral debt cancellation for Malawi. However, attaining this status will depend upon the completion by the IMF Executive Board of the next review under the PRGF

programme to be held after Parliament passes the Budget. This will be so crucial to the future management and growth of this economy.

### **Fiscal Performance under the 2005/2006 Budget**

Hon. Gondwe said that the government have achieved its fiscal objectives of the year despite the devastating effects of the food crisis. This had led to a tremendous change of donor attitudes and increased confidence in the economic performance as witnessed by the many grants that have been received amounting to K53, 938 million. He said this is more than double the grants amounting to K22, 612 million that were received in 2003/2004. He said besides over expenditures in the Ministry of Lands, Housing and Physical Planning, the Ministry of Transport and Public Works, the University of Malawi and the National Assembly, the majority of the votes of Ministries and Departments spent within their budgetary limits. He noted that for the first time in a long time, the Government has also been able to repay domestic debt at the same time as arrears were repaid to almost all small creditors and a sizeable amount of arrears to the public utilities companies.

### **Maize transactions**

Hon. Gondwe informed the house that he had called for a special and comprehensive audit report of the totality of the maize transactions to be reported to Parliament by the Auditor General. However, in trying to respond to the requests made by the Opposition, leaders during debate to the President's speech, Hon. Gondwe gave a brief account of the maize transaction stating that the total maize that became available for distribution and sale in 2005/2006 was 318,000 metric tonnes. This was 59% more than the planned quantity of 200,000 tonnes. He said that over and above, this quantity of maize, donors contributed 16,000 metric tonnes of other varieties of food including rice and pulses. Those who contributed through the WFP purchased and distributed 92,000 metric tonnes of these varieties of food. The total quantity of food that was procured through the budget was 276,000 metric tonnes which was 38% higher than planned.

The quantities that were purchased outside the budget and through WFP were 150,000 metric tonnes, so that in all, some 426,000 metric tonnes of foods were distributed and sold 113% more than envisaged at the time when the 2005/2006 budget was approved. The total cost through the budget of all these purchases was K10, 290 million as against the budgeted figure of K5,600 million. On the other hand, the WFP window saw approximately K11,950 million spent on food. All in all, the total amount was K23,740 million. The increased costs were due to larger quantities that were actually purchased and escalating prices of food due to the increasing cost of transportation and logistics.

### **Fertilizer Subsidy Programme**

Hon. Gondwe confirmed that in total, 140,327 metric tonnes of fertilizers were received and distributed under the subsidy programme instead of the 147,000 metric tonnes that were ordered. This is 95.2 per cent of the planned programme. The quantity that was ordered composed of 54,569 metric tonnes of the 23:21:4S fertilizers against the budgeted figure of 55,000 tonnes. The quantity of Urea was

55,000 metric tonnes which was as budgeted. Therefore, Government subsidized 98.6 per cent of the planned quantity of maize fertilizers (23:21.4\$ and Urea). Regarding the two types of fertilizers for Smallholder tobacco farmers, a total of 16,156 metric tonnes of D Compound was imported as against a budgeted figure of 22,000 tonnes. Out of 15,000 metric tonnes that was budgeted for CAN fertilizers, 14,600 tonnes were imported and sold. The D Compound and CAN fertilizers were included late in the year, hence it was not possible to fully implement what was required. The finances increased largely because of price escalation of fertilizers as well as transportation costs both of which increased in tandem with increased oil prices. The cost of the programme (including maize seed) was K6,900 million against the budgeted amount of K4,800 million (that excluded maize seed).

### **Perspectives of the 2006/2007 Budget**

#### **Public Financial Management:**

The Government will implement the core reform of the rollout of the Integrated Financial Management Information System (IFMIS) across all ministries amongst the reforms that are aimed at improving and strengthening public finance management.

#### **Fiscal Objectives:**

Reducing the domestic stock of debt and once more, the budget has been formulated against a backdrop of a large domestic debt that now stands at the equivalent of 19.6 per cent of GDP. This objective will make the domestic stock of debt to fall to 16.1 per cent of GDP and the government will at least repay K3 billion of the inherited stock of arrears.

#### **Medium Term Public Service Remuneration Policy:**

One of the objectives of this policy is to harmonize various public service salary scales. These include the political leadership, the Judiciary, Parliamentary Staff, the Army, the Police and such ancillary organizations such as the Anti Corruption Bureau, Electoral Commission, Human Rights Commission and the Ombudsman. In the case of the political leadership, conditions of service such as subsistence allowance for Members of Parliament has been increased from K8,000 to K12,000 per night. A review of Civil Servants' subsistence allowances is also being contemplated.

#### **Pensions Reform:**

This is aimed at enhancing pensions of retiring public servants. At first the pay package of a Civil Servant consisted of a core salary that was augmented by allowances which were typically three times as much as the core salary. As pension calculations were based only on the core salary, typically, pensions bore no relation to the pay package a public servant received. The consequences of such a disparity between pay packages and pensions were not only daunting to a retiring individual, but his or her work suffered. This is because he or she had to either engage in ancillary business activities in parallel with government work or indulge in some illicit activities in order to prepare for his retirement. In these reforms, the government has adopted international standards and norms. The task

of the pension reform therefore is to balance the need to increase pensions and to make sustainable, the cost of the increased pensions on the budget. On the basis of the present pension formula, the cost to the budget of pensions would also quadruple i.e. from the present K3.2 billion to more than K12 billion per year. The Minister said the aim is to increase pensions from the present average replacement ratio to the internationally accepted ratio of 60 per cent. It would mean that a Civil Servant who completes a working life of 30 years and whose final three year average salary is K100,000 per month would receive a pension of K60,000 per month which will be indexed for inflation up to an inflation rate of 10% per year. Hon Gondwe said these proposed pension reforms will be discussed with Civil Servants, Ministry by Ministry as well as with the Civil Service Trade Union before it can be launched in the course of the financial year. The total cost of pensions will increase from K3.2 billion to K4.8 billion which is considered to be sustainable. The purpose of these reforms is to ensure that Civil Servants should look forward to receiving a satisfactory pension that does not depreciate with inflation so that as they work they should do so with confidence of the future.

#### **Food Security Programme:**

To deal with drought which is a cause of periodic food crises that are being experienced, the minister said government intends to commence a programme of constructing a network of dams throughout the country and to rehabilitate existing but dysfunctional irrigation schemes. The government would also construct new ones to address the water requirements for both smallholder and large scale farmers. He said this programme will create constant food surpluses and as a result, enhance government food storage capacity. In this regard, Hon Gondwe said three 20 000 metric tonnes silos would be constructed at Mangochi, Mzuzu and Luchenza from this year's budget. Together with the large existing silos in Lilongwe, food storage capacity is expected to increase to 260,000 metric tonnes this year. He said this programme is one of the many responses to the food crises in the country that includes the fertilizer subsidy programme and the various farm training programmes that will be revived this year.

#### **ADMARC:**

Instead of the commercialization of ADMARC as earlier envisaged, there are now plans to reform ADMARC so that it functions as it did in the pre-1972 days when it was essentially engaged in the purchasing of smallholder crops and selling farm inputs such as fertilizer and farm implements. It will therefore retain its markets and selling points or depots, principally, in rural areas around the country. Most of these have been rehabilitated. The other functions that ADMARC assumed over the years, will now be performed by a separate company on a Public Private Partnership (PPP) basis. He said the World Bank will support this reform programme financially.

#### **Purchase of Surplus Maize:**

With the prospects of a bumper maize crop harvest this year which is expected to exceed the needs of the nation by about 200,000 metric tonnes, the government has allocated K2.0 billion to purchase about 100,000 metric tonnes of maize by



ADMARC through its depots around the country. It has also authorized ADMARC to borrow from commercial banks to purchase a further 40,000 tonnes of maize and other crops which it has already started. In addition, the 40,000 tonnes that will have been procured by ADMARC will be sold to the maize deficit districts at prices that will cover costs while the rest will replenish the Strategic Grain Reserve in the silos in Lilongwe, Mzuzu, Mangochi, and Luchenza.

### **Public Works Programme:**

Government will continue with this programme under the same terms as last year. However, this year the programme will focus on the construction and rehabilitation of dams, feeder roads and afforestation.

### **The 2006/2007 Budget Framework**

The projected total resources that consist of domestic revenue and grants are K134,704 million. On the other hand the estimated total expenditure and net lending is K138,705 million. The planned overall deficit therefore is a deficit of K4,001 million, which represents 1.3 per cent of GDP against the planned deficit of 2.6 per cent last year. This will favour a higher growth of domestic revenue which government estimates to grow at the rate of 15.3 %. Grants are expected to increase by 5.0 % over last year's figure which itself was at a record high level due to donor's extraordinary contributions during the food crisis. The Minister reported that the Government expected to repay K1,737 million of the K53,000 million domestic stock of debt. At the end of the 2006/2007 year, the domestic stock of debt is expected to have fallen from 19.1 % of GDP to 16.1 % of GDP. In tandem, the interest payments would fall to 4.3 % of GDP.

### **Revenue and Grants in 2006/2007:**

The tax revenue within the projected total revenue is expected to rise by K9,928 million which is a 16.8 per cent increase over last year's tax revenue while non tax revenue is projected to increase by 3.4 per cent. With an expected revenue from sales of maize amounting K800 million, the total domestic revenue is estimated to rise by 15.3% to K78,055 million in 2006/2007. The grants are composed of project grants which will increase significantly by 50.0 % as the majority of donors, including the World Bank, shift their funding of development efforts from loans to grants. Grants that are dedicated to specific programmes of the government and balance of payments support are projected to fall by 22.9% and 4.8%, respectively, as they move back to normal levels from record high levels during the maize crisis. The budget also includes flows from debt cancellation by the IMF. Benefits from this debt cancellation will amount to K3, 685 million. Gratitude was paid to donors who contributed to the balance of payment support. These were DFID of the UK, the European Union, the World Bank, Norway, Sweden and the Government of Japan whose grants were for private sector development.

### **Expenditure Estimates in 2006/2007:**

Of the total expenditure of K138, 705 million, K48,053 million or 15.0 % of GDP, is planned to be spent on development projects of the Government with a domestic contribution of K7,770 million and K40 billion from donors whose 60% is grants and not loans.

### **Allocation to Notable Sectors in the 2006/2007 budget:**

One of the most significant features of the budget this year is the large increase in the allocation of resources to the Ministry of Agriculture and Food Security which stood at K16,817 million, becoming the largest vote and representing approximately 12.2 % of the total expenditure. The development expenditure of this Ministry has almost been tripled from K2,393 million to K6,187 million. Hon Gondwe said this huge increase marks the beginning of Government plans to ensure food sufficiency in the country. The development resources for the Ministry of Irrigation and Water Development have almost tripled from K898 million to K2,594 million. Development expenditure allocations to the two Ministries which are both related to food security at K8,771 million constitute approximately 18.3 % of total development expenditure under the 2006/2007 budget.

In the Ministry of Agriculture, the increase in the "Other Recurrent Transactions" is largely due to a planned rebuilding of the extension activities. In particular, it is expected to increase the recruitment of extension personnel by 800 people and to provide them with means of transportation including bicycles and motor cycles. Furthermore, it is proposed to rehabilitate farm institutes at Thuchila in the Southern Region, Chitala in the Central Region and Mbelwa in the Northern Region. These centres would revive the practice of offering short courses to smallholder farmers on improved agricultural methods and to acquaint them with the husbandry, not only of traditional crops like maize but new crops that could be introduced in the country.

### **Fertilizer Subsidy:**

Under Agriculture, the government will continue with the fertilizer subsidy programme. 150,000 metric tonnes of fertilizers will be subsidized at a cost of K5.5 million. The fertilizer imports will be composed of 55,000 tonnes of 23:21.4s fertilizers, the same quantity of Urea, 25,000 tonnes of D-compound and 15,000 of CAN fertilizers. The prices of all four types of fertilizers will be K950 per 50 kg bag. The entitlements limit a smallholder farmer to one bag each of 23:21.4s and Urea fertilizers for maize producers and one bag each of D-compound and CAN fertilizers for a burley tobacco smallholder farmer. After consultations, it has been found that the coupon system is superior to the alternative of farmers clubs. The Government however suggested that the Minister of Agriculture and the Chairman of the Agricultural Committee of Parliament should meet to discuss ways of improving the coupon system which in the eyes of the public, is the only way to ensure that large commercial farmers are excluded from the programme.

### **Infrastructure:**

The Government plans to spend K10,501 million on the construction and maintenance of roads of which K2,887 million will be funded by domestic resources. New roads have been introduced such as the Mzimba-Kafukule-Ekwendeni-Njakwa road, the Thyolo-Bangula-Nsanje road and the Lumbadzi-Dowa-Ntchisi road which will be a continuation of the Mponela-Ntchisi road.

### **Shire/Zambezi Waterway:**

The Government has designated the Shire-Zambezi waterway project as the top most priority infrastructural project. It is expected that a comprehensive pre-feasibility and feasibility study will be conducted so that prospective investors can decide how much to invest and where within the programme. The Minister also informed the House that they have had a lot of investors who have expressed a strong interest to participate in this worthwhile project that could rejuvenate economic growth of the country. The transportation cost of Malawi's international trade is expected to decline by more than half when the project is completed. The project is also viewed to be of benefit to other adjacent countries such as Mozambique, Zambia and some far away countries such as Burundi, Rwanda and the Congo.

### **Energy:**

The Government will implement the Malawi Rural Electrification Programme (MAREP) Phase Five which will involve the electrification of 27 trading centres (1 in each district except Likoma which is fully electrified). K84 million has been allocated from local resources for this purpose while K196 million will be provided by the Japanese Government. MAREP Phase Four which is benefiting 58 trading centres is due for completion by September, 2006. Electricity Supply Commission of Malawi (ESCOM) is rehabilitating Tedzani One and Two which will restore 40 mega watts of electricity which was lost about 4 years ago due to damages of the power stations. ESCOM has sourced about US\$12 million for this work, which is due for completion in 14 months time. ESCOM is also about to sign a Power Supply Agreement (PSA) with HCB of Mozambique. The PSA will enable the World Bank to finance the Mozambique/Malawi Interconnector which will allow Malawi to either import or export power to and from the SADC Region.

### **Rural Development:**

In this endeavour, the Government has been joined by the Clinton-Hunter foundation which has chosen Malawi and Rwanda among all African countries to devote its resources to rural development activities. In Malawi, three centres in Neno in the South, Dowa in the Centre and Chitipa in the North had been earmarked to start this programme. In addition, the United Nations has also introduced Millennium villages which aim to achieve similar objectives starting with Zomba and Dedza areas.

Hon Gondwe also said that a Constituency Development Fund has been created out of the General Resources Fund under the District Assemblies vote with a view to spread rural development evenly throughout the country. He said K386 million was being devoted to this fund and each Member of Parliament would be mandated to decide what development projects or set of activities (up to a limit of K2 million), should be implemented in his constituency during the year. Supervision of the implementation of these projects will be the MP's responsibility. The Member of Parliament will also follow a proper and timely management of procurements of goods and services that will be required and disbursements of funds which will be the responsibility of the District Commissioner's Office. The disbursements will be due when the District Commissioner's Office has certified the

procurement of goods and the activities has been accomplished. In this way, the Member of Parliament will be accountable to the District Assembly only as regards the implementation of the development activities and not for the disbursement of funds.

### **The Social Sector:**

In parallel with the sectors which the President described as priority sectors, the budget has allocated huge expenditures to social sectors as provided for in the Malawi Growth and Development Strategy. Social sectors, particularly consisting of Education and Health have a considerable amount of resources which account for approximately 34.6% of total expenditure in the 2006/2007 budget.

### **Education:**

The overall expenditure on education is K20.5 million including the two universities which is 14.2% of total expenditure. Of this total an amount of K5,508 million has been allocated to the development projects in the Ministry of Education which is double that of last year. In the university of Malawi which has been allocated the sum of K3,200 million, K160 million is being devoted to the initial rehabilitation programme that is intended to cover the repair of buildings, re-equipping laboratories and libraries which have been neglected for a long time. A total amount of K650 million has been allocated to Mzuzu University of which K40 million is being devoted to its development programme. He told the House that K50 million has been tentatively budgeted to start the University of Technology and Science is expected to start this year.

### **Health:**

The total expenditure allocated to the Ministry of Health was K16,694 million of which K5,213 million would be administered directly by local assemblies while K3,098 million has been allocated to the Ministry's development programme. The National Commission for HIV and AIDS received K5,940 million, making the health vote approximately K22,634 million or 16.0% of the total expenditure of the 2006/2007 budget.

### **Tax Measures For The 2006/07 budget**

The tax measures reflect useful and in depth consultations with a number of organizations including the Society of Accountants in Malawi, the Malawi Confederation of Chambers of Commerce and Industry, the Economics Association of Malawi and the Bankers Association of Malawi. The Minister also took time to commend the Malawi Revenue Authority for its efforts during this difficult year to ensure that the revenue projections were met. He added that the Income Tax and VAT measures will be effective on 1<sup>st</sup> July, 2006, while Customs and Excise Measures became effective from mid-night of 16<sup>th</sup> June 2006.

### **Income Tax:**

The level of income at which employees start paying tax increased from the current level of MK5,000 to MK6,000 per month. The top tax rate bracket for individuals was reduced from 35 to 30 %. This measure was aimed at aligning

Malawi's individual top tax rate structure with the rest of the neighbouring SADC and COMESA Member States except for South Africa which maintains the 40% top tax bracket. Hon Gondwe said the reduction would in turn encourage investors who attach considerable importance to the treatment of their personal incomes when deciding whether to invest in a country or not.

#### **Minimum Turnover Tax:**

A proposal to abolish this tax was made following some arguments and a suggestion that businesses often take time to reach a stage where they are able to generate profits, and that this tax represents a heavy burden on these businesses at a time when they are most vulnerable.

#### **Capital Gains Tax:**

Following the removal of the need for publishing inflation indices for determining real values of various capital assets for tax purposes and introduction of tax on 60 per cent of the capital gains in 2005/2006 budget, some people have argued that the taxable portion is still high especially for values accrued before 1998 when the last inflation indices were published for tax purposes. To resolve this problem, Hon Gondwe said the Government decided that for assets acquired before 1998, inflation indices should be considered in determining any capital gain before that year, and that the taxable portion should be reduced from 60 to 50%. This reduces the effective burden of capital gains tax from 18 to 15%.

#### **Taxation of Mining Activities:**

Due to the expected greater investment in this area, the Government proposed to introduce a modern mining tax regime to support this. The regime will include a rate of Mining Income Tax which will be set in line with the general rate of 30%, but will enjoy a more generous capital allowance regime, and also a new Resource Rent Tax on any very high returns generated by high commodity prices. At the same time, mining investments will enjoy special exemptions from import customs duties and VAT.

#### **Rollover Relief:**

Under this relief, a business will not have to pay tax on the capital gain from selling an asset, provided that the funds received are being reinvested in assets of greater cost and of similar type. The cost of the new assets for tax purposes will, however, be reduced by the amount of the relief, so that the tax will be recouped if the business subsequently sells the asset without replacing it.

#### **VAT Measures:**

The decision to move pharmaceutical products from zero-rated to exempt status last year aroused some concerns. While providing exempt status for these products is internationally widespread, local businesses have complained that exempting imported medicines from VAT while not allowing them to reclaim the VAT paid on their inputs has placed them at a competitive disadvantage. As such, the pharmaceutical products have been returned to the zero-rated status they enjoyed prior to last year. Payment of VAT on sales made before payment is received, and cannot be recovered even if the purchaser never subsequently

makes payment was however, criticized. In order to meet this concern, the VAT Act would be amended in order to allow relief on irrecoverable bad debts, subject to detailed anti-avoidance rules and proof that the VAT concerned was, in fact, paid to the MRA in the first instance. The Minister also stated that Wheel chairs will be exempted from import VAT the same as goods carrying vehicles that use petrol.

### **Customs and Excise Measures:**

The Minister said that the MRA will work together with the Ministries of Trade and that of Industry to draw up a detailed list of rate reductions in accordance to the SADC Trade Agreement. This would be published as a Gazette Notice. However, these eight changes to the Customs and Excise (Tariffs) Order have been made:

- Removing Customs duty on generators above 375 KVA in capacity. Generators of this size are normally used for industrial purposes rather than domestic and should therefore be treated as capital inputs.
- Removing the current 50% Excise Duty on passenger carrying vehicles with a seating capacity of more than 12 persons including the driver.
- Making free of duty contact lens solution, which currently attracts 60% duty as a luxury item.
- Increasing from 5 to 25% the rate of duty on bottle coolers, and to introduce a 20% Excise Duty on them, bringing their treatment into line with that of fridges
- Increasing duty free allowance for wedding presents from K2,000 to K50,000 for couples who wed outside Malawi and are given gifts.
- Reducing 15% concessionary customs duty rate in the Customs and Excise Tariffs to 10% in Section XXII.
- Increasing the nominal value for duty importation of postal parcels from K2,000 to K20,000.
- The Customs and Excise Industrial Rebate Schedule will also be expanded, first by adding 3 further industries to the scheme:
  - a. Electricity generating and gas distribution industry;
  - b. Public sewage disposal works industry; and
  - c. The public water supply industry.
  - d. Also certain items that represent capital goods when imported by businesses but are also imported for domestic use by people, e.g. generators, bakery oven and boilers.

### **Customs Procedure Codes:**

These Codes will be updated to include certain new areas such as greater exemptions for the tourism industry and private medical facilities, while also tightening some specific provisions that have given rise to abuse. A detailed list of proposed new and revised Customs Procedure Codes will be published by the MRA

## **Fuel Levy:**

Government has also introduced a One Kwacha per litre increase in the Fuel Levy on petrol and diesel. This is expected to raise an additional MK240 million for investment in road maintenance through the Public Works Programme.

The Finance Minister concluded the budget statement by saying that Malawi has been identified as one of a few countries to qualify as a Threshold Country under the Millennium Challenge Account of the United States of America. This has been done because the Government declared upfront a number of policy and institutional reforms to improve governance in Malawi. He said this would result in accelerated improvements in such matters as prevention of corruption and enhancement of transparency in economic and financial management. He added that the Millennium Challenge Account has granted Malawi US\$20 million as well as manpower to help achieve these laudable goals as well as managing the activities called for in this year's budget. Finally, Honourable Gondwe called upon the House to support and approve this 2006/2007 budget and help in ensuring a rigorous implementation of this budget.

### **3.1.2. Responses on the Budget Statement**

#### **3.1.2.1. UDF Shadow Finance Minister, Hon. Friday Jumbe.**

In response to the budget statement, the UDF Shadow Minister of Finance, Honourable F. Jumbe applauded the Minister for achieving fiscal discipline but was quick to point out that this should not be done at the expense of service delivery. On monetary policy, he applauded the government for reducing the interest rates to make them more affordable. He acknowledged that the reduction in liquidity reserve requirement by the Central Bank would encourage investment by even small-scale business operators.

Hon Jumbe also raised the following issues for the attention of government:

- The declining trend in the Other Recurrent Transactions (ORT) allocation since the last two years.
- Low development expenditure. A lot needs to be done in order to deal with poverty.
- Political instability currently experienced in the country which is scaring away potential investors.
- Plans to purchase 100 000 metric tonnes the government plans to purchase is very little to deal with hunger.
- Restructuring of ADMARC as suggested by the Finance Minister is not welcome because it requires a lot of economies of scale. He further explained that he suspects this is a ploy to create a situation whereby ADMARC can disappear slowly. Otherwise ADMARC must remain one. He doubted if the World Bank, who is assisting with the restructuring exercise, could offer any better piece of advice having failed to do so in the past. He suggested that ADMARC headquarters should not be moved from Limbe because it has always been there since 1957.

- Relevance of the National Food Reserve Agency (NFRA) that he said was duplicating the roles of ADMARC.
- Inadequate fertilizer subsidy (150 000 metric tonnes) that the government intends to purchase to meet the requirements of this programme .
- On silos, Hon Jumbe insisted that there is no need to build more silos because there is already a storage capacity of 460 000 metric tonnes in ADMARC warehouses and NFRA. Instead that money should be used for important projects like marketing tourism.
- The Shadow Minister of Finance also called for patience from all parties and especially the government to wait for the feasibility study before implementing the Shire-Zambezi waterway.
- Proper use of the Health ministry allocation to benefit the poor.
- Great need to increase allocation to the Mines Department which is said to a department where there is a lot of potential. Hon Jumbe suggested that next time, an allocation of at least K1 billion for this department and another K1 billion for Geological Survey would be a step in the right way.
- Tourism is another area with much potential. For that reason, the shadow Minister thought the K50 million allocated for marketing it was not enough.
- Hon Jumbe proposed the setting up of an autonomous body to advise the Finance Minister on the kind of tax reforms that can be undertaken in the country. On tax measures; he said Value Added Tax (VAT) should be reduced to 15%.
- What is the government's policy on privatisation?
- Hon Jumbe thought that the K1 billion allocation to the ministry of Local Government for Elections was not enough. He also urged Government to come clear on when the elections were likely to be held.

### 3.1.2.2. Response by MCP Finance Spokesperson, Hon. Respicious Dzanjalimodzi

In his response to the budget statement, the MCP Spokesperson on Finance, Hon. R. Dzanjalimodzi started by congratulating the Minister of Finance for ably presenting a very clear budget statement to the House. He also thanked the donors for their assistance to the Government and the people of Malawi in dealing with the recent food crisis and also other development programmes.

However, he raised the following concerns which he wanted the Finance Minister to address:

- On Fiscal Performance under 2005/2006 budget: Despite the increase in revenue collection, he expressed concern about over-expenditure on maize and fertilizer subsidy programmes and in a number of Ministries.
- On maize transactions, he asked for an audit and information on how the maize distribution was done.
- On Fertilizer subsidy, he proposed that farmers clubs should be used in this program and not coupons.



- On Perspectives of the 2006/2007 budget, he hoped that the government would consistently implement the huge domestic debt as this will enable the private sector to borrow for investment. He also requested the definite timeframe for the completion of the rollout to Ministries of the IFMS programme.
- On fiscal performance and objectives, Hon Dzanjalimodzi called for strict debt control and for Government to borrow for development and not for consumption.
- On Pensions reforms, the MP upheld the development but was quick to call for a decent salary package for public servants to enable them live a decent life without craving for workshops which are mostly discriminatory. He also called on the Minister to check the problem of non-recovery of loans in the public service and do an audit in this area. Most importantly, he expressed concern with the change in retirement age from 55 to 60 years yet there is a high unemployment rate in the country. He said measures should be put in place to deal with this unemployment problem.
- He echoed what the UDF Spokesperson Hon Jumbe about the construction of more silos. He suggested that the funds be used to purchase maize instead.
- Hon Dzanjalimodzi queried the expenditure estimates in the 2006/2007 budget and asked how the Minister intends to sort out the vacancy situation in Government.
- He said that the Manufacturing, Construction, Mining and Quarrying as well as Tourism were sectors that needed to be prioritised.
- On tax measures, he asked the Government to seriously consider adjusting the threshold of the zero-rated pay as you earn tax from K5,000 to K10,000 instead of the K6, 000 announced by the Minister.
- On Customs and Excise Measures, he said the proposed measures, though positive, would not immediately benefit the poor. Therefore the VAT rate should be reduced from the present rate of 17.5% to about 13 to 15%. He also called for removal of all taxes on all inputs in Agriculture including chemicals as suggested last year.
- The MP called for the delay in implementation of the K1 levy on fuel in order to finance road maintenance and requested for removal of some of the levies on fuel.
- He enquired about the below-budget expenditure by the Department of Human Resources and Development and District Assemblies and where the supply went.
- Hon Dzanjalimodzi further queried why the Ministry of Health was overdrawn by K3.7 billion and why this was not brought up during the Mid Year Review of the 2006/2007 budget?

### 3.1.2.3. Response of the Parliamentary Committee on Budget and Finance

The Parliamentary Committee on Budget and Finance, through Hon. Sitsi Nkhoma examined the performance of the 2005/2006 budget before making the following comments on the current budget:

- Government should implement the Malawi Economic Growth Strategy (MEGS) and the Malawi Growth Development Strategy (MGDS), particularly, the sector-specific interventions on tourism, mining, manufacturing and agro-processing. These would enable the country to diversify its economy and stop relying on agriculture alone.
- Government should scrap the Safety Nets Levy since the funds are not being transferred to MASAF as intended. This will also help in cushioning the increase in petroleum prices.
- Relevant authorities should examine ORT over expenditures, under expenditures, and non-funding of Government Ministries/Departments, including the non-funding for ORT for District Social Welfare and Community Development Offices against the background of the millions of Kwacha which the responsible Minister dished out to selected communities of her choice.
- Government should explain why the department of Nutrition, HIV and AIDS and the Department of Mines do not have allocations for personal emoluments.
- Starting with the 2007/2008 budget, the Ministry of Finance should produce a detailed budget document on assemblies given that budget devolution is gathering momentum.
- An audit be instituted in all big Ministries to find out if there are any other arrears generated by the Procurement Division just like what happened in Ministry of Education.
- Government should investigate the under-funding of the Development Budget adopted Human Capital Development/Capacity Building as one of the fiscal policy priorities due to the high vacancy rates in both Central Government and Local Assemblies, the adverse impact of HIV/AIDS and the massive brain drain affecting the country.
- Government should embrace a comprehensive Public Sector Reform Initiative which will include a National Capacity Building Programme and a review of the Human Resource Management Systems in the Public Sector.
- Government should review the National AIDS Commission's approach to the delivery of HIV/AIDS services in both Central Government and Local Assemblies as a matter of urgency.
- The Ministry of Finance should stop its involvement in the planning and management of maize procurement and fertilizer subsidy programmes and hand over this responsibility to Ministry of Agriculture and Food Security which has the expertise and experience to manage these programmes.

- On Pro-Poor Expenditures (PPEs), Government should explain why PPEs keeps changing and should clearly define exact list of PPEs to be funded and explain why the Ministry of Justice and other governance institutions are PPE activities. Besides, why some PPE activities have not been funded at all since they were identified. In addition, the Ministry should also clarify the future of the PPEs within the framework of the upcoming MGDS. The Government should also increase the PPEs allocation of K27.7 Billion to K37.8 Billion which was the allocation in 2005/2006 budget or more.
- The Minister of Finance should consider increasing the allocation for repayment of arrears to over K3.0 Billion to speed up the repayment of all arrears and should repay all arrears in three years starting from the 2005/2006 financial year as stated in the 2006 Economic and Fiscal Policy Statement.
- The halving of subvention to the University of Malawi should be carefully considered to assess mainly its impact on poor students. Therefore, to prevent students from dropping out,, a good Student Loan Scheme that covers the whole tuition should be established before implementing the new policy. The bursary scheme for Secondary School students should also be increased.
- MASAF remains centralized at the Head Office in Lilongwe. The committee therefore calls for the decentralization of MASAF to all districts.

#### **3.1.2.4. General Debate**

**Hon Malewezi, the former Vice President of the Republic of Malawi**, who is also **Independent Member of Parliament for Ntchisi North East**, inclined himself to the Ministry of Health. He noted that there is no significant increase in personal emoluments and was doubtful that this Ministry will manage to recruit new staff with the 43.7% decrease in ORT. He also noted that the planned 13 new ambulances are not enough and needs to be revisited. He bemoaned the low allocation to National Aids Commission (NAC) and requested it be revisited to avoid problems when donor funds in NAC are finished and accountability requested thereafter.

#### **Appreciation by Members of the House**

During the general debate, most Members agreed with each other and the Parties' Spokespersons and applauded the Government for the following:

- The Minister of Transport is doing a good job through the improved road network and public works programme which empowered the poor rural people financially as they were receiving K200/day and this programme should continue.
- The high allocation to the Ministries of Agriculture and Food Security and also Water and Irrigation Development as this will deal with food shortage.
- Some MPs applauded the Government for the re-establishment of ADMARC. However, they expressed their pleasure because ADMARC will be buying farmers produce as this would enable farmers to realize a lot of profits.

- The continuation of the Malawi Rural Electrification Program (MAREP).
- Funding special needs education.
- Allocation of some money to buy relief food to avert the hunger crisis last year.
- The introduction of the Constituency Development Fund worth K2 million.

## **Concerns from the MPs**

### **Ministry of Education**

- Government should address the poor standards of education in the country by revising the poor salaries of teachers and introducing a Special Hardship allowance in the Ministry of Education to motivate teachers to teach in rural areas.
- The budget should be consistent with the Millennium Development Goals (MDGs)
- The Community Day Secondary Schools should be demolished because they are a waste of money and resources, playing a part in undermining the already poor education standards since untrained/ unqualified primary schools teachers are the ones teaching there.
- Government should address the acute shortage of teachers in its schools.
- Government should first of all ensure that enough funding is allocated to the existing public universities to improve their services and infrastructures and also sort out the existing unemployment problems of some graduates before constructing Lilongwe University.
- The proposed fees for the University students with a 400% increase are too high and unrealistic. Therefore, they should be reconsidered to accommodate the majority poor students.

### **Ministry of Irrigation and Water Development**

- Ministry of Water and Irrigation Development. There is an existing water problem in Balaka and there is a great need of an addition of money to rehabilitate Mpira dam to solve this water problem
- Government should come up with a relevant Irrigation policy because in some areas there is no enough water thereby rendering the treadle pumps useless. Dams should be built in areas lacking water urgently.
- There is lack of extension workers to help farmers use the equipment they are being given like treadle pumps
- Requested for a supply of gravity water in Chiradzulu district since boreholes are being vandalised

### **Ministry of Agriculture and Food Security**

- There is no need for building new silos when the Government is failing to rehabilitate the existing ones.

- The amount of the Constituency Development Fund should increase to K5 million
- The **coupon system should be demolished** on the subsidized fertilizer programme because it did not benefit poor people. It was also noted that some coupons were sold to vendors thus abused and in other places distributed on political grounds.
- There is a need to find an alternative cash earning crop to tobacco due to the looming death of the tobacco market which may lead to death of Malawi's economy.
- There is not enough money in ADMARC depots to buy farmers produce which is leading to abuse of these moneys as some MPs noted that the officials at ADMARC depots are buying from farmers at cheap prices and selling at ADMARC thereby benefiting themselves.

### **Ministry of Transport**

- Distribution of roads is uneven. The southern region is ranking high in comparison to other regions.
- The members wondered why and how the National Construction Council is operating without a board and so who approved its budget.
- Hon. Aleke Banda expressed worry with the abrupt silence on Nacala Corridor which has been replaced by the talk on Shire/Zambezi waterway. He wanted the Nacala corridor issue to be pushed forward because "a bird in hand is worthy two in the bush."

### **The Judiciary**

On governance, members called for reforms in the judiciary system and its independence from any political influence.

### **The Anti Corruption Bureau**

The allocation has been considerably reduced yet ACB has a great task to perform as a watchdog of the government in the zero-tolerance against corruption.

### **Ministry of Defence**

Poor housing conditions for Army officers mainly at Bakili Muluzi Barracks at Chagalume in Zomba.

### **Ministry of Youth and Culture**

The allocation for the Ministry of Youth and Culture is too small and should therefore be increased to cater for the many problems addressed by the youth. For example, there is need for sporting facilities to keep them busy.

### **Ministry of Housing**

Allocation too little to solve the problems in urbanization.

## **Ministry of Local Government and Rural Development**

Allocations to District Assemblies should be increased to enable them to do the developmental work like construction of more schools.

## **Ministry of Health**

The decrease in allocation from K12 billion to K10 billion is a blunder as it would affect very important health services like drugs. Therefore, this allocation should be revisited.

## **Ministry of Information and Tourism**

Opposition parties complained a lot about bias of the public media towards the ruling DPP party. The opposition complained that the MBC and TVM were behaving as if they were party controlled.

## **Tax measures**

Government should remove the importing tax on music equipment like guitars.

## **Governance**

During the sitting, on 29<sup>th</sup> June 2006, hot debate erupted on the selling of City Assembly houses without a properly constituted City Assembly due to the absence of Councillors who are mandated to do so. The opposition members wanted this exercise to be put on hold up until the Local Government elections were held. Hon Gondwe, the Finance Minister concluded the matter by saying he will personally look into it since he has the power as the custodian of the public properties.

The members also expressed concern on poaching of Members of Parliament by the government saying this is because of envy. The imprisonment of the Vice President, Dr. Cassim Chilumpha for alleged treason was also an area of concern for the opposition benches.

The Leader of Opposition, Hon Tembo, concluded the general debate by congratulating the Minister of Finance for the excellent and professional manner in which he presented his budget statement. He acknowledged the responses to the budget by the Shadow Ministers from all the political parties. He also thanked the former vice president for his contributions as well as the ordinary members. He also acknowledged government for the development projects taking place in his constituency and elsewhere.

Hon Tembo said his "dream" was a dignified House where members respect and listen to each other's contributions.. He reiterated that the Opposition stood against the use of coupons for the fertiliser subsidy programme. He also called for the House to resolve and set dates for the much awaited Local Government Elections. He concluded his speech by emphasizing that the opposition were not Members of Government of National Unity as this was in his opinion, not existent.

### **3.1.3. Finance Minister's response to raised concerns**

In his response to all the requests after the general debate, The Minister of Finance thanked the House for accepting the Budget. Responding to the Spokesperson for

Finance in MCP, Hon Gondwe agreed that indeed, to achieve the intended results; the budget must be implemented rigorously and steadfastly. He also expressed concern over the assertions by Honourable B.J. Mpinganjira that Malawi has overly relied on maize imports from Mozambique. He however asked the MP to have faith in government's ability to achieve the set target. He added that it was important to create an enabling environment that would attract private investors

On Malawi's economic focus for the coming year, he said, because of the rapid deceleration of food prices, it is expected that the average inflation in 2006/2007 could decline to 11 per cent from an average of 15.5 per cent last year, therefore it is expected that there will be a sharp decline of inflation between now and December.

On the debt cancellation which the Spokesperson Finance of MCP along with a number of other Honourable Members were concerned that the Budget has factored in resources that are expected from the HIPC completion point and a multilateral debt relief initiative that will be granted after the completion of the HIPC and the cancellation of the debt. He said the move was proposed by the IMF Mission.

About the additional silos, Hon Gondwe said the decision to construct the silos was reached after intensive discussions with food storage experts inside and outside the country who said that the ADMARC warehouses do not possess the necessary built aeration channels and centrally controlled monitored system to sense changes in temperature and humidity. He said these are very necessary if the grain has to be kept for more than one year.

On the proposal by Hon. Jumbe to combine NFRA and ADMARC, the Finance Minister pointed out that the National Food Reserve Agency is playing a social role funded from the budget while a reformed ADMARC will operate along commercial lines. He said for this reason, it would be prudent for the two organisations remain independent.

He also confirmed that ADMARC have K1 billion to purchase the maize. It is intended that ADMARC should purchase some 40,000 metric tonnes of maize at the price of K20/kg that will be sold in food deficit districts and that an amount of 100 metric tonnes of maize will be purchased for strategic grain reserve which could be used as humanitarian food in the deficit areas. It is intended that the maize will be sold at prices that will enable them to recover the financial costs it is incurring.

On Fertiliser Subsidy Programme he said that since there are advantages and disadvantages in both systems of distribution, the Minister of Agriculture and Food Security is having consultations with the various stakeholders. However, Government will purchase 150,000 metric tonnes of fertilisers consisting of 23:21/4S, UREA, D Compound and CAN and sell at a price of K950 per 50 kilogramme bag for each of the four fertilisers. Maize producers will be limited to one bag each of the 23:21/4S and UREA, while tobacco smallholders will be entitled to one further bag of D Compound and another for CAN fertilisers. He also proposed to the

House, that at an appropriate time, the subsidy estimate be increased to K6.9 billion.

Hon Gondwe argued that the interest payments were being drastically reduced, as a result of the possible debt cancellation. He said alongside the pursuance of this issue, Government was demanding that ministries focus on priority activities. He added that effort should be made to reduce donor dependency. He however acknowledged that donors' grants had in fact, doubled in the last two years.

On the increase in ORT for Ministry of Health that was not highlighted, he said the increased figure from a budgeted figure of K3.5 billion was transferred from the assemblies figure to that of the ministry, because that is where it had to be used.

On Government's relations with ADB and future financial arrangements relating to the construction of Karonga-Chitipa Road, he said the Government encountered two problems with ADB regarding this road. The first problem was that ADB believed that the road could be built at a cost of K43 million, which was a total amount of the loan that they extended to the government. But, as determined by the consultants, the cost of the road was K57 million and ADB were unable to accommodate Government's request that the loan should be increased. Secondly, ADB would not accept that despite unrealistic cost of estimates of the lowest bidder which was exactly the same as the loan amount, this contractor should be replaced and the government be given the chance to negotiate with other bidders, this despite the fact that the lowest bidder tacitly admitted that his estimates could be unrealistic, but that his Government would make up the shortfall that could arise. The Malawi Government did not expect this view because of experiences with the Golomoti road. Eventually, the ADB agreed that the loan be cancelled and that the government could replace the project with another one of our choice, which it has done. However, another donor, the Taiwanese Government has taken up the road. Therefore, the Government does not expect any problems with ADB on this matter.

On the tax measures, the threshold below which income tax is not payable was increased from K5,000 to K6,000. The proposal that this should go up to K10,000 would mean that out of the 500,000 registered individual taxpayers, the number of taxpayers would decrease by one quarter and a loss in revenue of K7.5 billion. Therefore, such proposals cannot be taken on board as it will grievously affect the economy.

#### **3.1.4. COMMITTEE OF SUPPLY (Actual Budgetary allocations)**

The 2006/2007 Budget faced a lot of scrutiny from mainly the Opposition, unlike the past budgets and its committee stage took three weeks to finish, thus passing of the budget and marred with adjournments and changes to some votes. This is an actual contrast to past budgets which were passed mostly in less than a week. However, this much scrutiny of the budget is a right direction in as far as democracy, good governance, financial prudence and transparency in the country are concerned.

Below are the particular allocations to Government Ministries, departments and institutions:



## **VOTE 050 – STATE RESIDENCES**

At first, the allocation was K938,865,092. This vote was skipped on 17<sup>th</sup> July and on 28<sup>th</sup> July and later passed on 31<sup>st</sup> July with a reduction of K100 Million, thus approved amount is K838,865,092. The following issues were raised:

- Government should explain on the much-talked about Mercedes Benz
- No allocation for rehabilitation of Sanjika Palace and there are rumours that Government wants to sell it.
- Justify the high increase in salaries and many salary allocations
- Little allocation on food ration
- High increase on external travel expenses

In response, the Finance Minister stated that the Government had bought the State President an S500 costing K12 million tax free. The increase in salaries is because the State house has taken on board the formerly Parliamentary staff residing and working at the New State House.

## **VOTE 060 – NATIONAL AUDIT OFFICE**

At first, the allocation was K214,566,604. This was rejected on 17<sup>th</sup> July but passed on 31<sup>st</sup> July, 2006 after an addition of K10 Million. Thus approved amount of K224,566,604

The following issues arose for the attention of Government:

- There is no allocation for the training of officers.
- There has been no audit of Foreign Service offices, only three were done so far, only five in the District Assemblies.
- Suggested that this office should become a parastatal and be independent of the Ministry of Finance.
- Fully fund this office to achieve the President's zero-tolerance against corruption project.

In response, the Finance Minister said that the audit services failed to be conducted because of lack of staff. However, this year's allocation has been increased and more resources to enable this office operate efficiently. On training, he said that the officers would be trained abroad in Tanzania mainly in computer. He also said that turning this office into a parastatal wouldn't be the best way to sort out the problem.

## **VOTE 070 – THE JUDICIARY**

At first it was K757,221,368. This was skipped on 17<sup>th</sup> July, 2006 after deliberations but was passed without any changes.

### **Issues raised:**

- A huge increase to this vote as compared to the previous year, yet the only projects planned are the construction of Blantyre and Lilongwe High Courts.

- A lot of members bemoaned the poor and unsatisfactory performance of the Judiciary and as expected regardless of the adequate funding. For instance, there are so many outstanding important cases and Judicial reviews (including one on National Compensation Tribunal).
- Why there was an increase on personal emoluments yet the Minister explained that there are no salary increases for civil servants. The members claimed to have enough evidence that the Government approved the new high perks for judges.
- Why Government was re-introducing the National Compensation Tribunal (NCT) which was dissolved after its lifespan of 10 years had expired and the motion to re-introduce it was rejected by Parliament.
- Why the planned training of 10 staff members at High Court and three at the Magistrates' Court never took place when it was budgeted for last year.

In his response, Hon. Gondwe said that the Government has re-introduced the NCT because it still owes some people money payments. On salaries, he said that it is not true that the Government approved new salaries for judges, but the National Audit Office with approval of Public Appointments Committee (PAC) of Parliament approved the salaries on behalf of the Parliament. He continues to say that the Government is studying the salaries first before implementing them. This did not go well with most Opposition Members who questioned why the budget was accommodating such an increase yet the Government says has not implemented them. To cut the emotional debate, the Finance Spokesperson for MCP, Hon. Dzanjalimodzi suggested that this vote be deferred to allow some consultations to take place. The Finance Minister agreed with this suggestion and so the vote was deferred to a later date and the committee of supply suspended.

### **Adjournment of the House**

The House adjourned five times in two days (18<sup>th</sup> and 19<sup>th</sup> July 2006) to allow the consultations and contacts to take place. It was further adjourned to Monday of the following week (24<sup>th</sup> July 2006). In essence, four days were spent without any business in the House. This attracted a public outcry, followed by press statements from the State President and press conferences by the Finance Minister and some Democratic progressive Party (DPP) officials and a counter-press conference by the leaders of the Opposition. The bone of contention for these press addresses was the allegation that the MPs were threatening to shoot down the budget unless their salaries are increased just like those of the Judges.

### **VOTE 080 – NATIONAL ASSEMBLY**

The National Assembly vote was passed on 1<sup>st</sup> August, 2006 after it had been skipped on a number of occasions. This was after it was increased by K200 million to total K2,288,293,648. This increase was to accommodate loans for Members of Parliament (MPs).

### **Vote 090 – Office of the President and Cabinet (OPC)**

At first amount of K2,573,874,356. This vote was at first deferred on 28<sup>th</sup> July 2006, then rejected on 31<sup>st</sup> July when it was reduced by K135 million, thus K2,438,874,356. It later passed on 1<sup>st</sup> August 2006 only after the following issues were raised:

- An explanation as to why the Special Intelligence Service (SIS) was put under OPC and not Police as was agreed before.
- They demanded Parliament for its establishment as is required.
- There was also no substantial allocation for national Identity Cards despite an assurance from Government that these shall be effected by 2007.
- What is Malawi Dream that has been allocated K400 million?
- Why the high allocation on personal emoluments and on travel?
- What is Democracy Consolidation Programme (DCP) about?

When the Finance Minister re-introduced this vote on 1<sup>st</sup> August, 2006 he informed the House that the vote had been reduced, and the SIS allocation will be under Police and its bill has already been drafted and will go through Parliament very shortly. On DCP, it is donor funded to consolidate democracy and it deals with a lot of organisations like the Judiciary, Ministry of Education, Civil Liberties Committee (CILIC), and Law Commission. The Malawi Dream Project (MDP) is being funded by an Italian Non-Governmental Organisation (NGO) to deal with HIV/AIDS in OPC and other offices.

### **Vote 092 – Department of Poverty and Disaster Management Affairs**

The department received K81,935,512 passed on 24<sup>th</sup> July, 2006 without any debate.

### **Vote 093 – Department of Human Resource Management and Development**

The department received K385,412,231, passed on 24<sup>th</sup> July 2006. However, the House raised the following concerns:

- That the allocation was very little to cater for training of human personnel.
- The extension of the retirement age of civil servants from 55 to 60 years meant no jobs for young people in the civil service.
- There was unjustifiable rise on training services personal emoluments from K8 million to K16 million.

In his response, the Finance Minister pointed that the rise in personal emoluments is because this vote caters for many Ministries, e.g. Ministry of Education which does a lot of training.

### **Vote 094 – Nutrition HIV/AIDS and National AIDS Commission**

The vote of K6,114,000,000 was passed on 24<sup>th</sup> July, 2006. But the House was concerned that patients were not receiving food at the moment. It was their hope that the K10 million allocated for food for HIV/AIDS patients would be used accordingly. They also wanted some funds to be allocated for auditing.

## **Another Adjournment**

It should also be noted that another drama erupted just before Vote 94 was concluded when the Leader of UDF in the House, Hon. Ntafu complained that there were some demonstrators outside, at the gate to the Parliament who were protesting the delay in passing of the budget and demanding that the budget be immediately passed, thereby putting the House under siege and the security of the honourable members, mainly those from opposition at risk. This caused further delay as the opposition accused government of organising the demonstration and threatened to boycott the debate until the demonstrators, allegedly DPP supporters were removed at the gate. After a heated debate and due to the reluctance of the Leader of the House to suspend the Committee of supply, the Speaker invoked standing order 107, which states that "In the case of grave disorder arising, the Speaker, may adjourn the Assembly without question put or suspend any sitting for a period to be named by him/her" to suspend the Committee of supply and sitting was adjourned to 2pm of the same day. The Opposition MPs did not go out for lunch for fear of their lives' safety. However, the Business of the House continued in the afternoon without any hitches after the Speaker met the Leader of the House, Leader of Opposition and Business committee.

## **Vote 095 – Department of Science and Technology**

A vote of K111,533,524 was passed on 24<sup>th</sup> July, 2006 but these issues were raised:

- Members demanded an explanation regarding the change in figures since the Budget book indicated K138 million yet on the Order Paper it was K111 million.
- Being a new department, the House felt the allocation was too little to develop the nation, scientifically and technologically.
- The objective of creating this department was not clear.
- Lilongwe University of Science and Technology was not allocated any funds in this year's budget.

In his response, Hon Gondwe said this is a department that has been in existence since 1980 hence not new. On objectives, Hon K. Chirwa, Minister responsible for this department said that it intends to improve seeds and more others, conduct researches and projects on fuels like ethanol and also to perfect the bio diesel whose research was done at Chancellor College. On Lilongwe University, the Finance Minister stated that progress has already been made and the secretariat formed. Two places have been identified for its construction, near Bunda and also outside Lilongwe city about five kilometres along Salima road.

## **Vote 097 – Public Service Commission**

K53,094,236 was passed on 24<sup>th</sup> July, 2006 without debate.

## **Vote 099 – Director of Public Procurement**

K161,406,400 was passed on 24<sup>th</sup> July, 2006 for use by the Director of Public Procurement.

### **Vote 100 – Ministry of Defence**

Funds amounting to K346,612,992 was passed on 24<sup>th</sup> July, 2006. The House was concerned about neglected sewers in the Barracks and the increase in the Minister's office from K1 million to K13 million yet on OPC personal emoluments the Ministers are allocated some money.. The MPs stated that there was need for promotions within the ranks and also recruitment of more private soldiers.

In response, the Finance Minister stated that there is a development to rehabilitate the sewages and other things in the Barracks. On money allocations, he explained that the internal travel expenses and salaries are handled by the OPC hence some allocation for Ministers in the OPC.

### **Vote 101 – Malawi Defence Force**

K3,347,310,000 was voted on 24<sup>th</sup> July, 2006 for the Malawi Defence Forces. Hon Kuseni of Dowa East constituency, was concerned that the budget had no allocation for Mvera Support Battalion to improve its dilapidating structures. Other Members were concerned with the degrading of the Army Air wing and lack of enough aircraft. The existing ones were constantly breaking down. Shortage of Army Officers' uniforms was another concern raised.

In his response, the Finance Minister said the problem of uniforms, improvement of infrastructure like roads and Mvera Support Battalion allocation will be addressed as soon as possible. He specifically called for a meeting and support of Hon Kuseni to address the problem of Mvera Support Battalion.

### **Vote 110 – Ministry of Economic Planning and Development**

An amount of K2,809,398,833 was voted and passed on 24<sup>th</sup> July, 2006. Members expressed concern with the high increase in the allocation for training ORT for Minister's office from K5 million to K14 million.

In his response, the Minister stated that the training allocation is for the fresh graduates and part of the funds would be used to recruit and train personnel in all the Ministries and some departments.

### **Vote 111 – National Statistical Office**

The statistical office got K346,756,884 which was passed on the 25<sup>th</sup> July, 2006.

### **Vote 120 – Ministry of Local Government and Rural Development**

Funds amounting K1,949,840,793 were awarded to the Ministry of Local Government but that was after the vote was skipped on 28<sup>th</sup> July, then deferred on 31<sup>st</sup> July and only to be passed on 1<sup>st</sup> August, 2006 without changes.

The Members reiterated their worry with the sale of houses in the Assemblies, particularly Lilongwe City Assembly despite an earlier agreement in the House that the sale of these houses be stopped until Councillors were elected. An injunction was also obtained by the junior staff at the Assembly. The members also alleged that these houses were being sold to Democratic Progressive Party (DPP) sympathizers and the Lilongwe City Assembly Chief Executive, Danton Mkandawire. The Members also called for the resignation of Prof. Danton Mkandawire for allegedly spoiling the city.

In response, the Finance Minister informed the House that the sale of the houses was stopped after Parliament's directive, after press reports to this effect. Otherwise, the injunction obtained by the Junior staff just after the Parliament directive was defeated. However, the Minister of Local Government later issued an order to stop the sale of the houses and that all payments already made should be returned.

### **Vote 121 – Local Authorities**

The Local Authorities received K7,418,730,871 passed on the 31<sup>st</sup> of July, 2006 without changes although its vote was initially skipped on the 28<sup>th</sup> July 2006.

### **Vote 130 – Ministry of Lands, Housing and Surveys**

The Ministry got K2,811,060,920 passed on 28<sup>th</sup> July, 2006. However the House was concerned about the Issues little allocation on boundary project, Land Reform Bill policy awareness and building houses for chiefs. They also noted that there was no allocation for National Housing Development policy and that there were no plans to build a Ministers village and resumption of the Rural Housing Scheme as initially proposed. The House also noted that there was a high increase on internal travel.

However, the Minister explained that most of the projects were on-going. Therefore, they would get increased allocation in the subsequent budgets, such as Urban Housing project. He defended the increase on internal travel which he attributed to the many projects that the Ministry was implementing. Hon Gondwe also said that land for the Ministerial Village had been earmarked at area 24 and funds for its construction would be provided for in next year's budget.

### **Vote 180 – Ministry of Sports, Youth and Culture**

K456,761,788 was allocated to this ministry whose vote was passed on the 25<sup>th</sup> July, 2006. However, most Members complained that the ministry was being underfunded, thus, rendering it incapable to address the needs of the youth in the country.

### **Vote 190 – Ministry of Agriculture and Food Security**

K18,537,262,837 was passed on the 01<sup>st</sup> of August, 2006 for expenditure in the Ministry of Agriculture and Food security. However, Members raised the following issues:

- That Government should use farmers clubs and not coupons in the Fertilizer subsidy programme to avoid corruption. They alleged that about 100,000 false coupons have already been sold to traders now.
- This programme should not be linked to a political Ministry and that instead, it should be handled by an independent body.
- Poor staffing in the HRM department.
- Poor conditions of service and no motivation for Agriculture Extension workers.
- Little allocation for animal production at Mikolongwe Farm and Likoma RDP.

The Members queried why there was a reduction in allocation for Nkhota kota RDP from K19 million to K8 million and Lilongwe RDP from K70 million to K10 million. The Members suggested that the K180 million allocation for construction of grain silos should be used for other purposes since the House agreed that this project should wait. They also queried the inclusion of Thailand as a producer and exporter of fertilizer yet the House was informed that Thailand was not an exporter of fertilizer. This led to fear in the Members that the money may go into some people's pockets. They also wanted to know if Government had an implementation policy for winter cropping in the event that subsidized farm inputs were secured.

In response, the Minister brought to the attention of the Members that Government had increased allocation for the fertilizer subsidy programme from K5.5 billion to K7.2 billion. He reported that after consultations on the fertilizer subsidy, Government had decided to form a committee comprising of Members of Parliament (MPs) from Government and Opposition sides, Government Officials and Civil Society to look into the implementation of the coupon system in order to delink it from a political Ministry of Agriculture as proposed by the Leader of Opposition. This decision was welcomed by the Leader of Opposition. On Thailand, he said this was decided upon after searching where they could get cheaper fertilizer including in Saudi Arabia. The other suppliers were bogus and actually, Thailand was the producer and supplier. Smallholder Farmers Fertilizer Revolving Fund (SFFRFM) was engaged to purchase and distribute the fertilizer to small holder farmers.

The Agriculture Minister, Hon Uladi Mussa added that there is a provision of 236 cows costing K140 million to be purchased from Republic of South Africa and distributed to farmers. He also agreed on a need to review some of the bills in the Ministry on some crops like tea.

### **Vote 200 – Ministry of Persons with Disabilities and the Elderly**

A vote of K87,077,504 was passed for the disabled on 25<sup>th</sup> July, 2006 and Members noted that there was no allocation for the elderly.

In his response, the Finance Minister informed the House that he intend to submit the needed resources to Parliament when they have agreed the programme with this function of the appropriate ministry, and that he had already agreed with the responsible Minister a sum of K20 million additional resources could be put to Parliament in the process of the Appropriation Bill.

### **Vote 210 – Ministry of Irrigation and Water Development**

Parliament passed a vote of K2,546,622,812 on the 31<sup>st</sup> of July, 2006 without changes but after undergoing critical scrutiny. Most Members complained that the planned 1200 boreholes were not enough. They also wanted the Minister to come up with a clear distribution of these boreholes per district or constituency. However, the Minister of Finance deferred this vote following disagreements that erupted on this vote. When he re-introduced it, he reported that Government had consulted extensively and plans were at an advanced stage to rehabilitate 5000 and that each constituency would receive 40 boreholes. He added that new boreholes would be constructed in Ntchisi, Mzimba and Nsanje because there are few

boreholes available. 1000 boreholes will be drilled in schools and another 1000 in some districts.

#### **Vote 240 – Office of the Vice President**

Amount of K97,102,002. This vote was passed on 31<sup>st</sup> July, 2006 without any comments.

#### **Vote 250 – Ministry of Education and Vocational Training**

An amount of K15,608,643,264 was voted and passed on 31<sup>st</sup> July, 2006 for the Ministry of Education and vocational training. The House stated that there should be enough teaching aides and learning materials properly distributed to sort out the persistent shortages. They also wanted to know why Community Day Secondary Schools (CDSSs) have not been funded in the budget for performance and to complete construction and rehabilitation. It was the common opinion of the House that the bursary allocation should be increased. Currently they are only 536 beneficiary students. They called for an increase in the allocation of K2 million for sports and the K30 million of Distance Education programme. They also noted that there was no allocation for Special needs education in tertiary education, shortage or even lack of teachers, mainly in rural areas. These were anomalies that the House wanted the Ministry to fix.

#### **Vote 260 – Ministry of Foreign Affairs and International Co-operation**

The Ministry of Foreign Affairs received K2,300,811,200. This vote was passed on 25<sup>th</sup> July. The MPs did seek an explanation on the increase in protocol allocation from K9 million to K24 million. They were also concerned about the closure of the Kenyan and Ottawa embassies and the relevance of Zimbabwe embassy. They also called for improvements in protocol services. They also queried if the Ministry is developing diplomacy career.

In her response, the responsible Minister said that they opted to close the embassy in Kenya which was in existent for 30 years but Kenya never opened theirs in Malawi because they say the country is insignificant. On Zimbabwe, she said it is because there are more than 4 million Malawians living there hence a lot at stake for Malawi in Zimbabwe.

#### **Vote 270 – Ministry of Finance**

K726,948,716 was passed on 31<sup>st</sup> July, 2006. However, Members questioned the professional training for staff to update the financial system and sought clarification on allegations that the MPs were demanding for K1 million each in salaries. But Hon Gondwe refuted this allegation but agreed on a revised salary of K425,000.

#### **Vote 271 – Accountant General's Department**

A vote amounting K2,889,580,189 was passed on 31<sup>st</sup> July, 2006 after being rejected initially because the Opposition MPs were angered by the contents of the petition submitted by the demonstrators and signed by T/A Tsabango. It was passed with a reduction of K50 Million from the initial K2,939,580,189.



Following the rejection of vote 271, the House adjourned to allow the Business Committee to meet on the petition. When the House reconvened some minutes later, the Speaker, Hon. Louis Chimango explained to the House that he had authorized the circulation of the petition since there is democracy. He noted that the response of MPs showed the letter was intimidating. He also observed that while there is freedom of speech and expression in a democracy, the tone and manner in which the petition was addressed, was regrettable. He however recommended the mood in the house of moving forward. The Leader of the House also regretted the contents of the petition, but the Leader of the Opposition demanded an apology from the Government side arguing that a regret of the contents of the petition alone was not adequate. However, the business in the house continued normally the following day.

### **Vote 273 – Malawi Revenue Authority**

The Malawi Revenue Authority received K1,721,300,000 which was passed on 26<sup>th</sup> July, 2006.

### **Vote 275 – Subvention to Statutory Organisations**

The House proposed an increase of K403,437,100 to the initial proposal to settle on K7,878,923,680 which was passed on the 1<sup>st</sup> of August, 2006. However, most Members complained that the allocation was inadequate to cater for the needs of most of the statutory organisations.

The Finance Minister stated that 50% of TVM and MBC allocations will be withheld in compliance with the motion passed in the House to give these public media houses the other 50% allocations after they have satisfied set targets. He also pointed out that in most of these organisations, the subventions are only used for salaries because most of them manage to raise their own money for functioning. He however said, the allocation for National Youth Council would certainly be increased when the Ministry of Youth finalizes the Youth Policy.

### **Vote 278 – Unforeseen Expenditures**

At first K200,000,000. This vote was at first deferred and later passed on 31<sup>st</sup> July, 2006 after a reduction of K100, 000,000. Thus an approved figure of K100,000,000 was approved for the unforeseeable expenditures. However, the Members wanted the Minister to account for last year's allocation to this vote and justify the need for such a huge amount. The Finance Minister said that last year's vote was partially used to buy relief maize during the hunger period last year.

### **Vote 310 – Ministry of Health**

The Ministry of Health received K10,942,446,752 passed on 31<sup>st</sup> July, 2006 This was after the House had pointed out that the personal emoluments allocation should be increased to cater for the new intake of health personnel. The MPs also wanted the conditions of service and housing for doctors and other health personnel be improved. They also noted that there was no allocation for ARVs from Government, but only donor funds were earmarked. The House also wanted the system of purchasing and distributing drugs to be revisited to avoid theft and corruption.

But Hon. Gondwe informed the House that there are a lot of funds for ARVs at National Aids Commission (NAC). He said that Government had reached an agreement with the donors that they should contribute K200 million only towards the procurement of the drugs. He however, pointed that funds for personal emoluments had already been allocated. On conditions of service, he said that these conditions have been reviewed, for instance, starting salary will now be more than K100,000 from K21,000. Taking her turn, the Minister of Health, Hon. Marjorie Ngaunje called on the Members of Parliament and rural communities to take an active role in checking how much have been received at their hospitals.

### **Vote 320 – Ministry of Women and Child Development**

Amount of K804, 459,000 was passed on 26<sup>th</sup> July, 2006 but the Members of the House decried the low allocation to this Ministry. They also called for removal of juveniles in prison from cells they are currently sharing with adult men and being defiled as a result.

### **Vote 330 – Ministry of Information and Tourism**

Ministry of Information and Tourism received K626,601,736 after it had been initially rejected and skipped on 26<sup>th</sup> July, 1<sup>st</sup> August, and on 31<sup>st</sup> July respectively. It was finally passed on 3<sup>rd</sup> August, 2006.

This was the most controversial vote which the MPs from the Opposition benches were reluctant to support because of what they alleged were excesses of the Minister of Information, Hon Patricia Kaliati. The opposition MPs asked the Minister to apologise for what they regarded as castigation and demonisation of the opposition through the state media. However, the Minister refused to apologise. The Opposition then rejected this vote despite the Government side's insistence that business in the House should continue normally because Hon. Kaliati's remarks were uttered outside parliament hence has nothing to do with Parliament.

Another drama erupted on 2<sup>nd</sup> August when 2 order papers were produced. The first one showed re-tabling of vote 330, but in the 2<sup>nd</sup> one, which delayed business in the house for almost 2 hours to be produced, had vote 330 removed and instead showed the appropriation bill. The Finance Minister proposed that Vote 330 for Ministry of Information and Tourism should not be put forward again and that the Appropriation Bill be moved for the Committee of Supply to approve excluding Vote 330. This proposal did not go well with the Opposition members who wondered how the Ministry of Information and Tourism would function without funds and that according to the Republic of Malawi Constitution and the Parliament' Standing Orders, no vote shall be deleted in the Appropriation bill. But the Government argued that what it was doing was perfectly legal.

However, the former Vice President of the Republic of Malawi, who is also an Independent MP for Ntchisi North East, Hon Justin Malewezi expressed his displeasure with the idea of leaving out Vote 330. He called for collective effort to break this deadlock between Government and Opposition sides even if it would need engagement of an arbitrator. After a much heated debate and flaring of tempers, it was finally agreed that the Business Committee of the House meet the

following morning and the House resume meeting in the afternoon to accommodate the consultative talks suggested by Hon. Malewezi.

The vote was later re-introduced in the House on 3<sup>rd</sup> August, 2006 after the statement from the Leader of Opposition, Hon. Tembo, who stated that the Business Committee agreed to only passing the vote in the interest of the nation and that Hon. Patricia Kaliati should not be present in the House during the passing of this vote, and consequently, the whole budget, a condition which she complied to. He also informed the House that Government had undertaken the task to find a long lasting solution to the problem of Hon Kaliati's behaviour.

### **Vote 340 – Ministry of Home Affairs and Internal Security**

Funds totalling K796,159,804 were passed on 26<sup>th</sup> July, 2006.

#### **Issues raised:**

- Members questioned the absence of allocation for drug abuse, firearm and ammunition, National IDs programme and little allocation for control of small arms and light weapons
- Is there any policy for money laundering
- They also requested for an increase to the housing allocation

In response, the Minister pointed out that the national IDs will be done under OPC and some donors will fund the exercise. The Home Affairs Minister, Hon. B. Khamisa agreed that indeed there is little allocation for housing which is K130 Million of which K100 million will be towards completion of Limbe Police Station.

### **Vote 341 – Malawi Police Service**

The Malawi Police Service received K2,588,988,096 on the 26<sup>th</sup> of July, 2006.

#### **Issues raised:**

- The fine on breathalyzers from K10,000 to K17,000 is very prohibitive and may fuel corruption. The House recommended that it be reduced so that offenders find it cheaper to pay than to bribe an officer.
- The conduct of traffic officers bordering on lack of discipline should be checked.
- There is little allocation on Air wing, rendering it difficult to service aircraft. For instance, one MP wondered if the Minister knew that one of the aircraft at Mtakataka was sent to France for a complete overhaul almost 5 years ago is not back up to now
- There is no allocation for road blocks and buying police vehicles.
- Why there was a reduction on Health sector from K58 million to K18 million.
- The allocation for crime prevention should be increased than for crime investigation.

In response, Hon Gondwe said that there is a Police Bill 2006 which would be tabled soon in Parliament. This would check on the conduct of Police officers. He said K15 million was allocated to purchase police vehicles.

### **Vote 342 – Malawi Prisons**

Malawi Prisons received a total of K380,318,940 passed on 26<sup>th</sup> July, 2006. The Members of the House noted the problem of overcrowding in the prisons which they wanted to be rectified.

### **Vote 343 – Immigration Department**

About K212,485,000 was passed on 26<sup>th</sup> July, 2006 for the Immigration Department.

#### **Issues raised:**

- The reduction on internal travels should be revisited.
- Personal emoluments should be increased to curb corruption.
- Need for training more officers and increase offices to deal with congestions at the immigration offices.
- Security of Malawian passports should be increased to curb forgery of the same.
- Shortage of proper housing facilities for the officers.

### **Vote 350 – Ministry of Justice and Constitutional Affairs**

The Ministry was given K1,105,522,005. This vote was passed on 26<sup>th</sup> July, 2006. The House wanted to know why there were so many high profile cases that have not been prosecuted. They also complained that the allocation to Attorney General Chambers were unimpressive and did not deserve to get any funds.

### **Vote 351 – Director of Public Prosecution and State Advocate**

A vote amounting to K95,312,070 was passed on 26<sup>th</sup> July, 2006 for the Director of Public Prosecution but Members bemoaned the delay in settling cases.

### **Vote 352 – Registrar General's Department**

K49,203,128 was awarded to the Registrar General Department on 26<sup>th</sup> July, 2006 without any comments.

### **Vote 353 – Administrator General's Department**

This department received K30,086,567; a vote passed on 26<sup>th</sup> July, 2006. However, the Members raised concern that the department was inefficient, thereby taking a long wait before beneficiaries receive their dues from deceased estates. They recommended that another office be opened in the Northern region to reduce congestion at the only office in Blantyre. In his response, the Finance Minister assured the Members that their concerns would be addressed as a matter of urgency. He said another office will be opened in the Northern region by September this year.

### **Vote 354 – Legal Aid**

Legal Aid received K53,700,000 passed on the 26<sup>th</sup> of July, 2006.

### **Vote 370 – Ministry of Labour and Social Development**

K445,470,056 was allocated to the Ministry of Labour. This vote was passed on 26<sup>th</sup> July, 2006. Members bemoaned the current situation where employers were employing foreigners for jobs that could be done by the locals. They also noted that there was no allocation for village polytechnics and Chilembwe Technical College. Papers for trade exams written in March and October last year have not been marked up to now because of lack of funds.

In his response, the Finance Minister pointed that Chilembwe has not been forgotten and the issue of the Technical College will be dealt with. He said the marking of the Trade Testing exams would start now that the budget had been passed. The Village Polytechnics will be set up and some programs have already been put in place and potential areas such as in Phalombe are being identified for the commencement of these programs

### **Vote 390 – Ministry of Industry, Trade and Private Sector Development**

The Ministry received K658,504,980. This vote was passed on 26<sup>th</sup> July, 2006.

### **Vote 400 – Ministry of Transport and Public Works**

K2,803,593,047 went to the Ministry of Transport This vote was passed on the 26<sup>th</sup> of July, 2006.

#### **Issues raised:**

- The government should make sure all projects, particularly road constructions, are completed because some construction companies are not finishing their work.
- The Minister should explain progress on Air Malawi, Shire Bus line coaches, Mzuzu airport and Nkhota kota port.
- There was no allocation for improvement of services at Malawi Cargo Centre in Tanzania.

In his response, the responsible Minister, Hon. Henry Mussa emphasized that the Ministry would terminate contracts of the contractors who were not doing their job properly. He also reported that the Ministry was still consulting on Nkhota kota port which he hoped would start soon. On Mzuzu airport, Hon Mussa reported that a new area has been identified outside the city where the new airport will be constructed very shortly.

### **Vote 420 – National Roads Authority renamed to “Roads Fund Administration”**

At first the amount was K8,068,742,000. This vote was at first deferred on 31<sup>st</sup> July, 2006 to enable it be renamed **the Road Fund Administration** and later passed on 1<sup>st</sup> August, 2006 after being reduced by K40,343,710, thus an approved figure of K7,665,304,900.

However, the Members expressed concern for lack of progress on Lumbadzi-Dowa road yet it was allocated K10 million in last year's budget.

### **Vote 430 – Human Rights Commission**

The Human Rights Commission vote was passed at K89,932,068 on the 27<sup>th</sup> of July, 2006.

### **Vote 460 – Electoral Commission**

This vote of K1,528,798,392 was initially rejected on 27<sup>th</sup> July, 2006 and later passed on 31<sup>st</sup> July, 2006 without any changes. The main reason for the rejection was that Members were concerned about the delay in holding Local Government Elections and lack of Government's commitment on these elections. The Members observed that the allocated funds were so little that it raised that suspicion that the Government was not keen to hold these elections in the near future.

However, the Finance Minister met the Electoral Commission and agreed to hold the elections early next year since the Commission indicated it can't afford to hold these elections this year as the government and other interested parties suggested.

### **Vote 470 – Ministry of Mines, Energy and Natural Resources**

An amount of K1,659,114,496 was awarded to the Ministry of Mines on the 27<sup>th</sup> of July, 2006. The Members sought clarity if the budget had an allocation for electrification programme from Mozambique to Malawi, Malawi Rural Electrification Project (MAREP) phase 4 and reforestation and also reasons for the reduction in internal travel on Chikangawa forest

In his response, the Minister reported that ESCOM had the internal travel allocation for Chikangawa has been reduced in order to allocate more funds to core activities of this place. been allocated funds for its electrification project while the European Union has pledged K 56 million for the reforestation programme. The internal travel allocation for Chikangawa has been reduced in order to allocate more funds to core activities of this place.

### **Vote 471 – Geological Survey Department**

At first K54, 901, 344 was proposed but the vote was rejected by division on 27<sup>th</sup> July, 2006 after the Opposition insisted the allocation was too little to cater for this department and its envisaged Geological mapping exercise. It was later passed on 31<sup>st</sup> July, 2006 with an additional K5 Million, thus an approved figure of K59,901,344. However, Members still requested for an increase to at least K500 million to kick-start the mapping exercise. In his response, the Minister of Finance said Government was seeking donors to fund the mapping exercise countrywide.

### **Vote 472 – Mines Department**

At first K61,380,000 was proposed. This vote was also rejected on 27<sup>th</sup> July, 2006. Opposition members insisted that the allocation was too little to promote the mining industry. They also wondered why Government was allowing the transfer of sand from Chipoka to the United States of America (USA) to produce Titanium instead of this project conducted here in Malawi thereby creating some job opportunities for the locals. The vote was later passed on 31<sup>st</sup> July with an addition of K5 Million. Thus an approved amount of K66,380,000.

## **Another Adjournment of the House**

Following the rejection of vote 471 and 472 consecutively, the Finance Minister requested for yet another suspension of the committee of supply. The House adjourned to 3:00 PM the same day and later to the following day to allow the business committee to hold consultations. It later transpired that the opposition MPs led by those belonging to UDF, championed the rejection of these simpler votes as protest for the summoning and questioning of their Party Chairman and former President of the Republic of Malawi, Dr. Bakili Muluzi by the Anti Corruption Bureau on alleged corruption while in office as President. However, business continued normally after the House resumed the following morning of 28<sup>th</sup> July 2006.

### **Vote 510 – Anti Corruption Bureau (ACB)**

Amount of K245,649,233. This vote was passed on 28<sup>th</sup> July, 2006

Members expressed concern that ACB was not prosecuting the private sector which is within its mandate and that ACB has become more of a terror body than a watchdog. They said that it was always targeting politicians, particularly those from the Opposition.

### **Vote 550 – Office of the Ombudsman**

The Office of the Ombudsman received K61,942,190. This vote was passed on 28<sup>th</sup> July 2006 with Members applauding its performance and pushing for an increase in its funding and staffing.

### **Vote 560 – Law Commission**

The Law Commission got K116,750,000 voted and passed on 28<sup>th</sup> July 2006.

## **3.2. Bills**

### **3.2.1. Bills presented to the House and passed:**

- Bill No. 4 of 2006: Kuwait Fund for Arab Economic Development (Thyolo-Bangula Road Project) Loan (Authorisation).
- Bill No. 8 of 2006: International Development Association (Health Sector Support Project) (Authorization and Ratification) (Amendment) This bill is for US\$5 million from World Bank to help in the health sector especially Malaria section.
- Bill No. 9 of 2006: Arab Bank for Economic Development in Africa (Zomba-Jali-Chitakale Road Project) Loan (Authorization and Ratification).
- Bill No. 12 of 2006: International Development Association (Infrastructure Services Project) (Authorization).
- Bill No. 11 of 2006: Money Laundering Proceeds of Serious Crime and Terrorist Financing.
- Bill No. 18 of 2006: Public Finance management (Amendment).
- Bill No. 22 of 2006: Appropriation = K140,707,622,058.

- Bill No. 21 of 2006: Value Added Tax (Amendment).
- Bill No. 23 of 2006: Taxation (Amendment).

### **3.2.2. Bills put on notice:**

- Bill No. 3 of 2006: Criminal Procedure and Evidence Code (Amendment)
- Bill No. 13 of 2006: Constitution (Amendment)
- Bill No. 14 of 2006: Securities;
- Bill No. 15 of 2006: Penal Code (Amendment)
- Bill No. 16 of 2006: Police
- Bill No. 17 of 2006: National Registration
- Bill No. 19 of 2006: Land (Amendment)

### **3.3. Government Motions**

#### **3.3.1. Confirmation of the Inspector General: Hon. B. Khamisa, Minister of Home Affairs and Internal Security (27th June 2006)**

Following Parliament's rejection of Mrs Mary Nangwale's appointment as Inspector General by His Excellency, President Mutharika, Parliament confirmed the newly appointed Inspector General of Police Mr. Kumbambe to the same post. Until his appointment, Mr Oliver Kumbambe was the Police Commissioner for the Northern Division. Surprisingly, the Leader of Opposition, Hon. John Tembo rose to second the motion for Mr. Kumbambe's confirmation. He said Mr. Kumbambe was a person with a good repute and learned with a Masters Degree in Business Administration (MBA). The Leader of UDF in the House, Hon. Nga Mtafu and other Opposition and Government side members concerted that his appointment was suitable as he was young and energetic hence would become a role model to the youth. They expected him to be professional and rise above politics and that he would understand and listen to the problems of the junior officers in the service who are facing a lot of problems. They cited him as a capable person likely to rejuvenate the Police Service.

#### **3.3.2. Financial Resolution: Hon. G. Gondwe, Minister of Finance. (30th June 2006)**

In line with the provision of section 178 of the Constitution, that he do authorizes the withdrawal from the Consolidated Fund of an amount not exceeding K34,676,485,092, the Minister of Finance moved a motion to withdraw funds for purposes of meeting expenditure necessary to carry on the services of the Government from 1<sup>st</sup> July 2006, the beginning of the financial year 2006/2007, to 30<sup>th</sup> September 2006 or until the Appropriation Act, 2006 comes into force, whichever is earlier, but so however that any moneys so withdrawn shall be included under the appropriate heads in the Appropriation Bill relating to the Appropriation Act, 2006.

Spokespersons of all the Political parties represented in Parliament supported the resolution saying this was important to make sure there is no disruption in the government's provision of services. However, they cautioned the government to be transparent and ensure that the money is used for the intended purpose. They



also noted that this resolution is being made yearly showing that there must be something wrong with the Government's system. Therefore, timing of the budget session should be adjusted to earlier months of April to May.

### **3.4. Ministerial Statements**

#### **3.4.1. Minister of Local Government and Rural Development, Hon. Dr. G. Chaponda**

The Minister presented his statement on the much-wanted Local government Elections. He informed the House that the Government equally concerned with the delay in Local Government elections and that it had discussed with the Electoral Commission on the possibility of holding these elections this year. However, the Government has agreed with the Electoral Commission to hold these elections during the first quarter of 2007. He further stated that donors will supplement funding to Electoral Commission to hold these elections as slated.

#### **3.4.2. Minister of Transport and Public Works, Hon. Henry Mussa**

The Minister was expected to present his statement on Shire Bus Lines Limited, problems it is facing and what support it needs from Government. But due to time constraints, the statement was not presented.

#### **3.4.3. Minister of Health and Population, Hon. Marjorie Ngaunje**

The Minister was expected to make a statement on Blood Transfusion and National HIV Testing and Counselling Week (17th – 22nd July, 2006) to lobby people to go for HIV testing in order to know their status and be able to plan for their life properly. However, she made the comprehensive statement outside Parliament during a press conference at her Ministry's headquarters.

### **4.0. Private Members Motions**

#### **4.1 Local Government Elections: Hon. Mtukula (UDF - Ntcheu Bwanje North)**

The honourable member moved that the House resolves that Government should provide for Local Government Elections in the 2006/2007 Budget and that the said elections be held before the end of this calendar year. This was due to the absence of properly set-up assemblies which are the right forum for developmental decisions. He stated that any further delay to hold Local Assembly Elections is against Government's own policy on Decentralisation Programme and defeats its objectives. He further stated that the absence of Councillors has created a serious gap in decision-making at a local level, resulting in lack of transparency, accountability and good governance at district or assembly levels. Effectively, this is denying people local participation in decisions that affect their own lives. In other contributions, the MPs expressed that lack of holding the elections is unconstitutional hence the assemblies are operating illegally. They said the Councillors are the voice of the voiceless at the grass roots on the ground in the villages and therefore appealed to the Government to quickly consider providing for these elections in the forthcoming budget or appeal to the donors for funding to the effect of holding the elections in time. They also demanded the Government to announce the actual date of holding these elections.

#### **4.2. Youth Participation: Hon. G. Mwamondwe (Independent -Blantyre City Central)**

Honourable Mwamondwe moved the motion that Government should quickly consider young people-who account for 70% of the Malawi population, as an integral and essential human resources grouping. He said the youths should be regarded as a priority group in the 2006/2007 National Budgeting that acquires special recognition and increased financial and human resource base. He added that unless the youth are treated as such, they will still be faced with unemployment, and social vices such as HIV/AIDS and prostitution. The legislator also questioned Government's position on the proposals from young people to re-introduce the youth week, which was a non-political fundamental programme that not only recognized, but also created a platform for young people to participate in national development process during the MCP regime. He regretted the non inclusion of the youth in high positions of organisations both in the private and public sector and even in political parties yet democracy requires that youths deserve to have a say on governance and other issues affecting them daily.

In other contributions, the members called on the youth to be responsible. They also bemoaned the increase in retirement age by the Government from 55 to 60 years labelling it as an "insult to the youth" as it would not create an opportunity for the many unemployed youths to get a job.

#### **4.3. Elevation of Zomba Municipality to City: Hon. Y. Mussa (UDF – Zomba Central)**

The Honourable Member requested the Government to quickly come up with strategies and measures which will restore the beauty of the Zomba Municipality and also consider elevating its status from Municipality to City. He also requested the House to resolve that Government should quickly improve the condition of Zomba Municipality which is deteriorating in terms of infrastructure like roads and buildings, economic activities and social life. Since the movement of Capital City from Zomba to Lilongwe, a lot of government departments and institutions like Parliament as a consequence have moved to Lilongwe. He said it appears now as if Government has no plans of improving the former Capital city. Hon Mussa added that this has led to an economic collapse evidenced by the closing down of many businesses and high rate of prostitution, prompting an increase in children orphaned by HIV and AIDS pandemic. He also stated that if well marketed, Zomba would attract a lot of tourists because of its beauty like Zomba mountain, Ku Chawe Inn and also its historic importance.

#### **4.4. Biasness of TVM and MBC: Hon. J.A.J. Chikalimba (UDF - Zomba Changalume)**

He moved that the House observes with great concern the biased reporting by Television Malawi (TVM) and Malawi Broadcasting Cooperation (MBC) in favour only of the Government and democratic Progressive Party (DPP), contrary to current democratic political dispensation.

In order to ensure fairness in the use of tax payers' funds, he moved that the House should resolve the following:

- That funding to these two institutions must be premised on opening up coverage to other political parties;

- To ensure compliance TVM and MBC should have provisional funding set at 50% of the original allocation by 2006/2007 budget and that the remaining 50% will be released upon satisfaction of agreed benchmarks (i.e. equity: foreign trips should be available to all reporters and not the same few people)
- The Media Committee of the National Assembly should monitor performance and report to the plenary of progress.

#### **4.5. DCs to cease being Controlling Officers: Hon. A. Steppe (UDF - Chiradzulu South West)**

He moved that the decentralization process was faced with a serious operational hurdle by not holding the local government elections. This has resulted in lack of a properly constituted assembly thereby leaving the District Commissioners (DCs) as Controlling Officers not accountable to anyone. Owing to the large amount of resources that will be spent through these District Assemblies, the House should resolve that, with effect from 1<sup>st</sup> July 2006;

- District Commissioners should cease to be Controlling Officers until local government elections are held and Chairpersons of District Assemblies elected.
- In the interim, finances be controlled by Principal Secretaries of line Ministries and the Office of the President and Cabinet.

This motion was controversially passed late in the evening after the Members on the Government side had moved out of the house due to power failure.

### **5.0. Reports**

#### **5.1. Report of the Transport and Public Works Committee:**

A report on the Consultative meetings the committee had with various stakeholders, field visits to new District Traffic Offices, Nacala and Northern Corridors, and feeder roads in some districts in the country was presented on 27<sup>th</sup> June, 2006 but debate was deferred to a later date.

#### **5.2. Report of the Committee on Health and Population:**

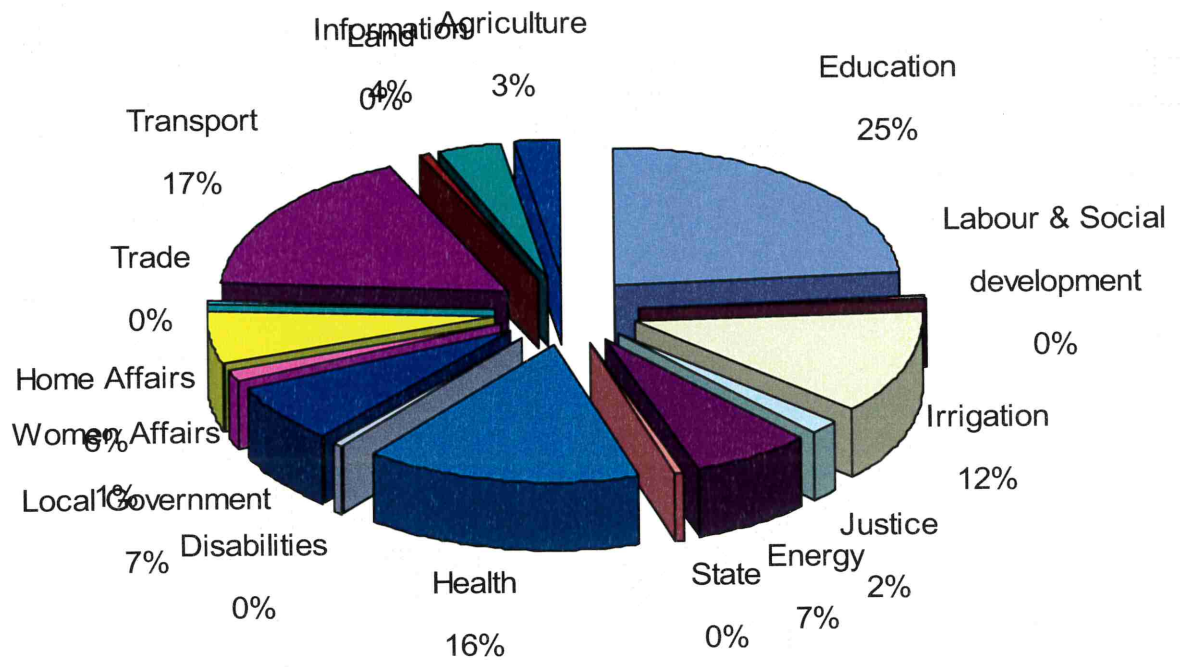
The committee presented a report on the Implementation of the Drug Budget and other Health Programmes in the country on 13<sup>th</sup> July, 2006. However, due to unavailability of time, debate was deferred to a later date.

### **6. Deaths.**

During this session, the National Assembly, and indeed the Malawi nation was faced by heavy blows having lost two Honourable Members, Hon. Dr. Chakufwa Chihana who was President of Alliance for democracy party died on Monday, 11<sup>th</sup> June 2006 and Hon. S.Y. Nakutuwa who was MP for Salima North-West died on Friday, 16<sup>th</sup> June 2006

### **7.0. Questions**

A total of 228 questions were asked







# **The Institute for Policy Interaction**

## **Parliamentary Observation Report**

### **3<sup>rd</sup> Meeting 39<sup>th</sup> Session**

Monday 19<sup>th</sup> February, 2007 to Thursday 15<sup>th</sup> March 2007

## **1. Duration**

After an inordinate recess of five months, the 3rd Meeting of the 39<sup>th</sup> session of the National Assembly of Malawi resumed sitting Monday 19<sup>th</sup> February, 2007 and adjourned prematurely on Thursday 15<sup>th</sup> March 2007. The meeting, which lasted for nineteen sitting days was characterised by political tension and hostility. The effective use by the opposition of its majority was evident throughout the meeting as the government struggled and, in majority of cases, failed to muster support for its business

## **2. Government Legislative Agenda**

### **2.1 Government Business**

#### **2.1.1 BILLS**

In opening the third meeting, the Leader of the House, Hon. C Banda outlined the legislative agenda of government, which was to include approval of the Supplementary Budget, three loan authorisation Bills for Karonga-Chitipa Road, Nkhata Bay District Hospital, Thyolo-Bangula Road. In addition, six bills spilling from the previous session were also to be considered **viz Criminal Procedure and Evidence Code; Penal Code; Police; National Registration; Securities and Constitution Amendment**. He implored the members to rise above party politics in the course of their deliberations.

In response to the opening speech by the Leader of the House, the Leader of the Opposition, Hon JZU Tembo, bemoaned the small volume of business, which was before the house, and blamed it on poor planning and lack of seriousness on the part of government. He further cited the absence of the Electoral Amendment Bill among the bills to be presented as indicative of non committance on the part of government to hold local government elections.

#### **2.1.2 Mid Term Budget Review and Supplementary Budget**

The major highlight of the session was to be the approval of the Supplementary budget presented by the Minister of Finance. In his presentation, he gave an overview of the overall performance of the economy, which he said, was registering a growth rate of 8.5% higher than the projected 8.4%. Inflation was down to single digits of 9.6% from 16% and interest rates down by 5 percentage points to 20%. He concluded the review by tabling a MK 8.3 billion Supplementary Budget to utilize the additional financial resources resulting from the Highly Indebted Poor Countries (HIPC) completion point where most of the external debt was amortized. However, using its numerical advantage in the house, the opposition rejected the Supplementary Budget by 86 to 74 votes accusing government of failing to provide detailed accounts of the budget outturn by the ministry for the current budget as required by law and, in addition, for attempting to divert resources from one project to another without offering plausible reasons for the non-performance on the originally approved project.

#### **2.1.3. Confirmation of Auditor General Rejected.**

In what appeared to be another ploy to frustrate government, the house rejected confirmation of Auditor General by 101 to 64 votes. Initially, the government had acceded, in good faith, to the request "for ample time" to review the resume but

was surprised when the house rejected the appointment on what appeared to be "flimsy" reasons which were politically motivated. The nominee, Mr. S Mchenga, submitted for confirmation as Auditor General, hailed from a World Bank and GoM funded project and was no stranger to the Audit office having served the office earlier in his career as Assistant Chief Auditor.

### **3. House Regularizes Committee Membership**

Hon Loveness Gondwe (AFORD) moved two motions to regularize the appointment of some committees as required by the Constitution.

In terms of the Republican Constitution, the membership of the Legal Affairs, the Public Appointments, Budget and Finance, and Defence and Security committees must be renewed annually and this had not been the case since September 2005 - thus undermining the legality of their decisions. This was particularly so with the Public Appointments Committee whose decisions have not gone down well with the executive. The government had challenged the decisions of the Public Appointments Committee on the basis of what, it alleged, to be improper composition of the committee. The government thus wished the motions to be defeated so as to annul the decisions made by the committee.

But, despite the spirited effort by government to have the motions defeated, the opposition carried the day. The background to the motions follows a stand off between government and Public Appointments Committee on the appointments of Mrs Agrina Mussa in 2006 to be Deputy Ambassador to South Africa and Mr Ndovi as head of Anti Corruption Bureau against the recommendations of the Committee. The government, among other reasons, cited improper composition of the committee as some of the reasons for their non-compliance with the committee's recommendations.

### **4. Committee Reports**

For the first time ever, nine committee reports were tabled, but, because of premature adjournment, only the Agriculture Committee Report on the Assessment of The Food Security Situation found space for debate on the floor. Other reports were from Budget and Finance Committee on the Mid Year Budget Review and Supplementary Budget; Education Committee on Assessment of Infra Structure and Implementation of Budgets; Policies and Programmes of Educational and Vocational Training Institutions; Public Appointments Committee; Transport and Public Works on Consultative Meetings with stake holders.

#### **4.1 Agriculture Committee Report**

In presenting the report, Hon. Dzoolemwale, who is member of the MCP and Chairman of the Agriculture Committee, courted controversy when he preambled his speech by praising the Leader of the Opposition, Hon JZU Tembo (MCP), for initiating the policy of Fertiliser Subsidy. The government accused the Chairman of the Committee of being mischievous with intent to mislead the house and the nation. It went on to accuse the Chairman of being partisan and doubted the objectivity of the report. The government further challenged the methodology used by the committee to arrive at its recommendations accusing them of having used MCP party structures during field visits. The government wanted the report dismissed but failed due to insufficient numbers.

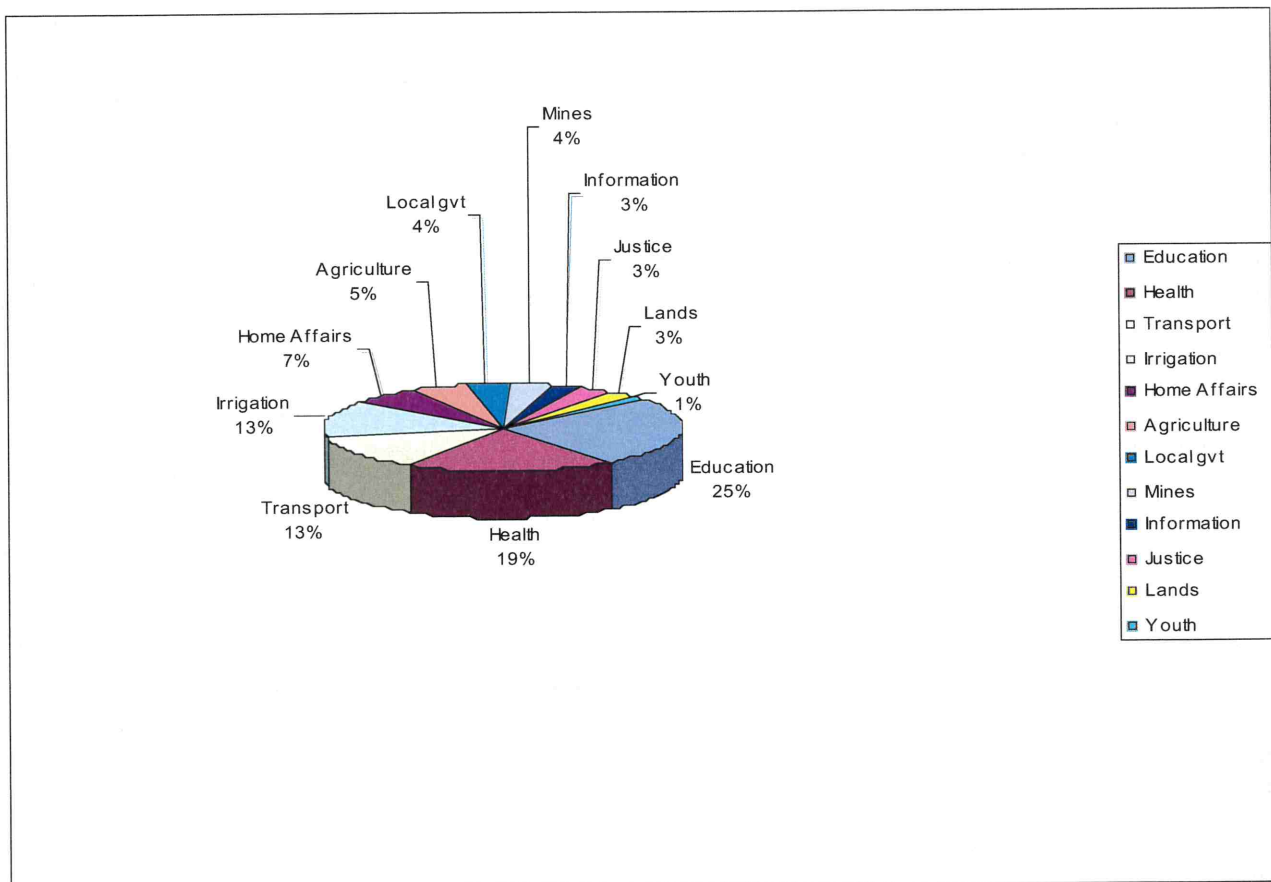


### 5. Kamuzu Day to be re- introduced

A private member's motion moved by Hon. Chafukira (MCP), requesting the government to "...declare the 14<sup>th</sup> May a Public Holiday on its official calendar to honour the first head of state, Ngwazi Dr. H. Kamuzu Banda....." received support from both sides of the political divide in the house, though with less enthusiasm from the UDF. The motion was adopted with the blessing of government.

### 6. Questions

A total of 208 written questions were presented to various ministers during this sitting period, of which 108 were responded to. Education, Health, Transport, Irrigation and Home Affairs had the highest number of questions with the Ministry of Youth having the least.



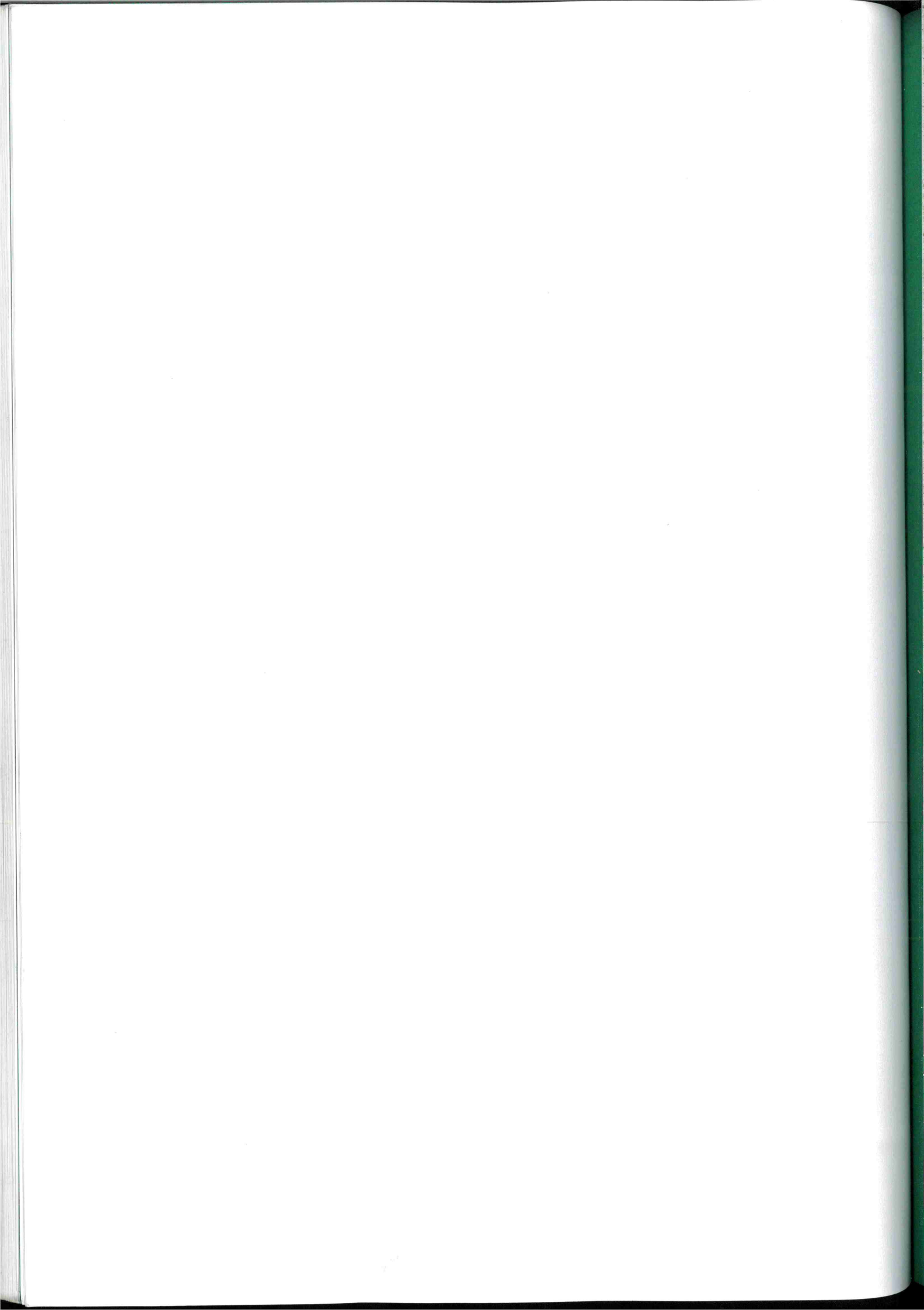
With twenty four months to go before elections, MPs are taking stock of their constituency development projects and hence the high intensity of questions on developmental and infrastructural issues.

### **National Assembly adjourns prematurely**

The turbulent four week session ended prematurely, when government adjourned the sitting **sine die**, not withstanding outstanding government business. The government had managed to soldier on, but the last straw was the successive defeats of government on the Appointment of Auditor General and the rejection of the Supplementary Budget. The government could not hide its frustration at these successive and significant and thus felt it had no option but to adjourn the house **sine die**.

However, divided opinion is emerging from Civil Society as to whether the opposition is using its numbers positively to hold government to account or its bent to frustrate and torpedo government legislative agenda. The wider opinion seems to suggest the latter. All eyes are now upon the upcoming, all-important budget session that normally takes place in June, to see whether some way forward will emerge from this catch-22 situation.

The future already looks grim for the Executive however, since some prominent opposition M.P.'s are declaring their intentions to "give them a rough ride" at the very least or "torpedo the budget" in the worst case scenario.





# **THE INSTITUTE FOR POLICY INTERACTION**

## **1 THE 40<sup>TH</sup> (BUDGET) SESSION OF PARLIAMENT**

### **2 OBSERVATION REPORT**

**19<sup>th</sup> May to 29<sup>th</sup> August, 2008  
New State House in Lilongwe**

*Prepared & Compiled by:*

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**Funded by:  
The Institute of Federalism (IFF) Switzerland**

**30<sup>th</sup> June, 2008**

## **1. INTRODUCTION**

The Malawi National Assembly has undergone several changes since the country embraced multiparty democracy in 1994 aiming at strengthening the institution to be more responsive to the needs and aspirations of the people of Malawi. Despite several attempts to reform, through the famous 'Re-Thinking Strategic Plan for National Assembly Development' of 2004/2008, the institution continued to face political challenges which resulted in chronic under-resource flows that severely impeded institutional efficiency. This has thus created a representational gap between the aspirations of the electorate and the outcome of parliamentary sessions.

Parliament is vital in any democracy for its representative, legislative and oversight roles. Though it has no fixed calendar, the Malawi Parliament meets at least once at the end of every financial year (June) to evaluate the performance of Government Ministries and Departments over the previous year and deliberate over a National Budget for the new financial year. The Government budget outlines government programmes and projects including sources of revenue and allocation of resources to Government Ministries and Departments. During the Budget meeting, Parliament is expected to scrutinise resource allocation and eventually, to authorise government expenditure during the year as planned and agreed upon.

Through the Committee system, the Parliament of Malawi scrutinises the performance of Government ministries and departments for effective service delivery. The Budget and Finance and the Public Accounts Committees, among others, are in particular responsible for spearheading the oversight functions of parliament. They are involved in the preliminary stages of the National Budget formulation, budget debates and eventual implementation and monitoring performance. Development and Cooperating partners provide significant budgetary support to the Government and monitor performance of the budget through reports of Parliamentary Committees in addition to reports from Non-Governmental organisations.

## **2. OPENING STATEMENT OF THE BUDGET MEETING**

The President opened the 2008/2009 National Budget Meeting in New State House in Lilongwe on 19<sup>th</sup> May, 2008. In his remarks, the President reminded the Malawi Nation that his Government has operated under a hostile environment for the past four years where the opposition did not support any Government programmes whatsoever. Instead they were intent on shooting down any government developmental effort in order to discredit the Executive. For instance the opposition tried to reject the National Budgets in the years 2004, 2005, 2006 and 2007.

The President further reminded the Malawi Nation that his Government inherited a huge domestic debt comprising 25 % of the Gross Domestic Product (GDP) that stood at over K60 billion, outstanding areas of payments of over K10billion and external debt of US\$ 3billion. The

country was struggling to meet shortfalls in food, drugs in hospitals, teaching materials and other development demands. In order to correct such anomalies in the economy when he assumed power in 2004, he had asked the Malawi Nation to share a new vision designed to kick-start rapid economic growth and implement measures that would pull the country out of poverty. The shared vision was "to see our country resume economic growth fast enough to bring about prosperity; to reduce poverty significantly, and to make life better for everyone; to see that our country transforms from being a predominantly importing and consuming country to being predominantly producing and exporting country; and gradually emerge as an industrial nation capable of transforming our agricultural primary commodities and minerals, so as to create new wealth for our people". The President called upon all Malawians to implement development programmes based on the six priority areas namely; agriculture and food security, irrigation and water development, transport and communication infrastructure, energy development, integrated rural development and management and prevention of HIV and AIDS enshrined in the Malawi Growth and Development Strategy (MGDS). The President thanked all Development and Cooperating partners for supporting his Government in developmental activities.

### **3.5 Achievements and plans for financial year 2008/2009**

#### **(a) Economic management**

The President commended his Government for having demonstrated serious commitment to fiscal discipline since it came into power. The Government focused on laying foundations for achieving rapid economic growth which enabled the Government to record significant achievements in economic management since 2004;

- Resumption of the PRGF with the IMF;
- Malawi reached the HIPC completion point in 2006 and qualified for external debt cancellation of USD 3billion;
- The country won back donor confidence
- Government settled K10 billion debt incurred by the previous regime
- All the economic indicators including interest rates, inflation rates, real GDP growth rate continued to perform exceedingly well.
- Government introduced the K5billion Malawi Rural Development Fund (MARDEF) which increased access to loans by small scale entrepreneurs.

#### **(b) Agricultural Development and Food Security**

Recognising the importance of food production in the quest to make Malawi a 'Hunger-Free Nation', the Government introduced the agricultural subsidy programme in 2005/2006. This led to increased production of maize to 2.6 million metric tons in 2005/2006, 3.2 million metric tons in 2006/2007 and 2.9 million metric tons in 2007/2008. Thus Malawi enjoyed a food surplus for the first time in over two decades. The programme is expected to continue this year with an increase in the number of household beneficiaries to maintain food security situation in the country.

#### **(c) Irrigation and water development**

Irrigation and water development supports agricultural production, the Government increased land under smallholder from 12,000 hectares in 2004 to 29,100 hectares in 2007/2008 fiscal year. About 19 districts have established irrigation schemes reaching over 300,000 beneficiaries. During 2007/2008 period, Bwanje Valley Irrigation Scheme with 800 hectares was rehabilitated. There has been steady increase in water supply and access to safe water for urban and rural communities from 70 % in 2004 to over 74 % in 2007/2008. This was achieved through the construction of 1550 water points in Mzimba and Ntchisi. During the 2007/2008 fiscal year, Government constructed over 1,000 boreholes and 16 small community earth dams for multi-purpose usage across the country. The government intends to develop 4000 hectares for irrigation during this fiscal year (2008/2009) and continue to distribute treadle pumps to farmers. The Government also plans to rehabilitate all existing dams for irrigation development to support food production in areas where communities face food shortage. The Government will continue providing safe water to both rural and urban areas to reduce water born diseases and improve the health status of its citizens.

#### **(d) Industry and Trade**

Since the Government embarked on programmes aiming at transforming the country from a predominantly importing and consuming country to a predominantly exporting and production country, the following are some of the notable achievements;

- Exports increased by over 90 % and imports rose by 54 % -as a result, trade imbalance has decreased.
- Since 2004, new export products such as macadamia nuts, apparel and spices have emerged
- The Government strengthened bilateral and multilateral trade agreements within the SADC and COMESA regions
- The restoration of ADMARC Canning Factory, establishment of Thyolo Nut Company and Tropical Garments Limited have brought investments of over USD 40million.
- Government has supported training initiatives for women and small scale entrepreneurs in the country

#### **(e) Transport and Communication Infrastructure**

Since 2004, the Government has placed priority on the development of transport and communication infrastructure as shown by the construction and rehabilitation of roads throughout the country, with the major one being the Chitipa-Karonga Road which is being constructed with funding from the Peoples Republic of China. In 2008/2009 fiscal year, Government will continue the development of infrastructure on particular roads throughout the country.

#### **(f) Integrated Rural Development**

This aims at empowering the rural communities in development process. The Government recognised the role traditional leaders play in development by increasing honorarium for Paramount Chiefs from K5,000 in 2004 to K50,000 per month and village headman from K500 in 2004 to K2500 per month. In 2006, the Government relocated street vendors from the streets of urban cities to flea markets which were constructed in Blantyre, Lilongwe and Mzuzu. Public works programme will continue to empower people in rural communities and encourage them to own and take part in development activities of their areas.

**(g) Nutrition and HIV and AIDS**

On nutrition and HIV and AIDS, the Government has made tremendous strides, including

- The introduction of ARV therapy national wide. The number of people on ARVs increased from 3000 in 2004 to 146,856 by 2007.
- Development of National Nutrition Programme to address nutrition problems
- Increased number of ART therapy sites from 9 in 2004 to 209 by 2007
- Increased number of pregnant women accessing Prevention of Mother to Child Transmission (PMCT) from 68,000 in 36 sites in 2004 to 168,000 in 207 sites by 2007
- Inclusion of about 17,000 children on free paediatric ARV - an increase from 1,500 in 2005.

### **3. RESPONSES TO PRESIDENT'S SPEECH**

#### **Response by the Leader of Opposition Hon J Z U Tembo**

The Leader of Opposition responded to the speech by thanking the President for his important remarks and attributes of achievements to his Government. He further pledged support to the ideals of democratic issues in the country.

### **4. GOVERNMENT BUSINESS**

#### **4.1 2008/2009 Budget Statement by Hon Goodall Gondwe, Minister of Finance.**

The Minister of Finance presented the Budget Statement for 2008/2009 National Budget on 23<sup>rd</sup> May, 2008. The Minister outlined economic performance of the country since the 2004 General Elections. He pointed out that the Mutharika Government had inherited an economy characterised by huge domestic debt of 25% of the Gross Domestic Product (GDP) and the attendant high interests rates pegged to a bank rate of 35%. Inflation rate that fell momentarily in 2003 began to vigorously climb back to double digits.

The Mutharika Government thus developed an economic strategy which included, among others, enforcement of fiscal discipline, sound and clear economic goals



and good governance. As the result, the country managed to reduce domestic stock of debt, interest rates, inflation and stabilised exchange rates.

He further argued that macroeconomic management of the country has been commended by many including the international community. Domestic debt has been reduced from 25% to about 11.5% of the GDP in four years. While inflation which was at 17% in 2005 went down to 7% by 2007 and the exchange rate has been steady at K140 per US Dollar for about 3 years.

On fiscal performance under the 2007/08 Budget, the Minister reminded the House that a total revenue and grants estimated at K163.9 Billion was approved but due to higher tax collections and larger grant receipts, the total budget was revised to K174.9 billion. On development programmes, the Minister explained that the 2007/08 Budget was dominated by the development programme in particular the construction and maintenance of roads such as the Bunda-Mitundu, Mponela- Nchisi and Nkhoma- Kamphata, Lumbadzi-Dowa, Kasungu-Msulira and the Old Airport-Kasiya roads in the Central Region. In the northern region was the famous Chitipa-Karonga road and the Mzimba-Kafukule-Ekwendeni-Njakwa roads. In the south, Bangula-Nsanje-Marka, Liwonde-Mangochi-Monkey bay roads.

On 2008/09 Budget, the Minister assured the House of continued financial discipline, strict financial measures and prudence in public resource management. With these measures, the Malawi economy is expected to grow towards the required 6.6% growth by 2015. Further to that, the Government has developed the Medium Term Pay Policy, which seeks to harmonise and unify a proliferation of salary scales that have emerged in the public service over time. The policy seeks further to remove salary differentials for officers of the same grade and qualification within the public service as it is the case now. This policy will motivate employees and reduce salary distortions.

On the fertiliser subsidy programme, the Minister assured the House that the programme will continue this year with an increased number of beneficiary and deserving households and a budget increased from K10.7 billion (revised to K14.5 billion) to K17.78 billion. The underlying assumptions for the 2008/09 budget are that nominal GDP will increase from K526.3 billion in 2007/08 to K588.7 billion in 2008/09 and that growth rate will remain at 7% in 2008/09. The average inflation during the financial year 2008/09 is projected at 6.5% and that interest rates will fall to an average of 12.5% as the money supply growth declines to 12.2%. It is further assumed that exports will increase to about USD800 million in 2008 and to about USD 1.0 billion in 2009. On the other hand imports are projected to increase to USD 1.3 billion in 2008 and remain at that level in 2009.

## **4.2 Resource allocations for the 2008/09 Budget**

### **4.2.1 Agriculture and Food Security**

Agriculture and Food Security has been allocated the largest amount of resources of K32.2 billion representing over 14 % of the total budget.

The allocation includes fertilizer and seed subsidy programme, as a recurrent activity, with a total of K19.4 billion against last year's budget figure of K11.5 billion. In addition government will continue construction of silos for food storage throughout the country. This will ensure continued food security in the country

#### **4.2.2 Irrigation and Water Development**

The Minister of Irrigation and Water Development has been allocated K7.7 billion about 50 % increase from last year. Government is determine to increase the provision of safe and potable water and the construction of earth dams for irrigation to attain food security. It is expected that about 290 boreholes will be rehabilitated to improve water supply across the country.

#### **4.2.3 Roads**

The government has allocated K15 billion for road construction and maintenance. About 20 roads throughout the country have been earmarked for construction and maintenance. The government believes that road infrastructure is important for socio-economic development.

#### **4.2.4 Energy**

The government will continue discussions with donor institutions, particularly the World Bank, as regards a number of prospective hydro-electric power projects. It is expected that feasibility studies will commence on the possibility of constructing a large hydro electric power station on the Ruo river. This project may assist the country to generate more power to augment Kapichira, Nkula and Tedzani to the extent of being able to export energy to neighbouring countries in the future.

#### **4.2.5 Rural Development**

Government will continue the construction of growth centres to supplement those constructed by the Clinton and Hunter Foundation and the United Nations Development Programme, who have started constructions in Chitipa, Ntchisi and Chikwawa Districts. Government has allocated about K860.5 million to extend this programme to other districts in the country. The Government will continue payment of honoraria for Paramount Chiefs, Senior Chiefs, Traditional Authority and Sub-Traditional Authority at K50,000, K30,000, K18,000 and K8,000 respectively. Furthermore, Government will continue improving the welfare of Chiefs through implementation of similar conditions for Group Village Headmen who receive K5000 and K2500 respectively.

#### **4.2.6 Social Sector**

The Minister reminded the House that in 2007/2008, National Budget pro-poor expenditures amounted to K49.8 billion which was revised to K58.8 billion representing 29% of the total expenditure. In 2008/2009 Budget, pro-poor expenditure has been increased to K80.9 billion representing 34.3% of the total

expenditure. This shows Government commitment on improving the welfare of its citizenry.

#### **4.2.7 Health**

The total allocation to the health sector excluding expenditure of the National Aids Commission is K31.4 billion which is K5.3 billion more than last year's budget allocation. Out of this, a total of K8.0 billion will be administered by District Assemblies.

Procurement of drugs has been allocated K5.7 billion out of which K2.6 billion will be allocated to District Assemblies.

#### **4.2.7 Education**

This is the third largest in terms of budget allocation this year. The sector has been allocated K26.1 billion representing an increase by K3.9 billion from last year's budget. This includes universities and a number of institutions of high learning. The Ministry alone has been allocated K19.9 billion.

The two universities have been allocated a total of K6.4 billion which is more than six times expenditure of these institutions in 2003/2004 budget. The money will cater for a general salary increase of 20% during the 2008/2009 financial year.

#### **4.2.8 Taxation**

##### **Value Added Tax (VAT)**

The Government has listened to the complaints from both consumers and the business community that VAT has been too high. The 2008/2009 budget has considered a reduction in VAT from 17.5 % to 16.5 %

##### **Income Tax**

The Government believes in fairness in tax system. As such, it has raised minimum taxation bracket from K7,000 per month to K9,000 per month. This means that those earning less than K9,000 per month will not pay income tax. However the higher rates of personal income tax remains unchanged at 30%. The cost of this reduction is K1.1 billion.

The Government has further proposed a zero rate VAT for most machinery used in manufacturing and construction at an estimated cost of K190 million during the year 2008/2009. At the same time, these duty lines will also be removed at an additional estimated cost of K80 million.

##### **Taxation on Tobacco -**

Government has introduced measures on Tobacco to deal with the act of smuggling Malawi golden leaf by introducing tax stamps that will have to be attached to any packet for it to be legally sold within the country. The duty system has again been changed from being based on value at present to based on the quantity of cigarettes being imported or produced, which is far easier to

administer through a stamp tax system. With effect from midnight of the 23<sup>rd</sup> May 2008, the duty for cigarettes was calculated at new flat rates as follows:

the equivalent of \$18 per thousand sticks for hinge lid packets and  
equivalent of \$12 per thousand sticks for a soft lid packet.

This change will provide a gain of K600 million in revenue.

### **Mobile Phones**

The Government further removed both customs duty and excise tax on mobile telephones but introduced a domestic excise tax of 10% on air time. This measure will reduce the rate of smuggling on mobile phones which was widespread.

## **5. Responses On the Budget Statement**

### **3.5.1 MCP Finance Spokesperson**

Hon Sitsi Nkhoma, MP congratulated the Minister of Finance for the budget statement. He noted that about 56.8% of the total budget which is pegged at MK229.2 billion will be generated locally - mainly from taxes. He observed that Malawians continue to be highly taxed and advised that high taxes may retard private sector growth.

On pro-poor expenditures, the MCP observed that the allocation to the constituency development fund (CDF) remains very low at MK3 million and suggested that it should be increased to MK5 million per constituency.

On fertilizer subsidy, MCP observed that, despite the implementation of the programme over the years which was initiated by itself, the country continue to face serious food shortage. This is demonstrated by increased prices of maize per 50 kg bag which is at K3000.00 or more. He further observed that despite the fact that about MK7.2 billion was spent on the programme during the 2005/2006 budget, in 2006/2007 the expenditure on the programme increased to MK9.2 billion and 2007/2008 it further went up to MK15.7 billion, the country still face food shortage. This year the allocation for the programme has gone up to MK19.4 billion and the MCP suggested that there is need to change the system from the current coupon system for the people in this country to enjoy food security through the fertilizer subsidy programme.

### **3.5.2 UDF Finance Spokesperson**

Hon Friday Jumbe, MP, on behalf of the UDF, congratulated the Hon Minister of Finance for the budget presentation. The UDF cast doubts over Minister of Finance's assumptions that the economy would grow at 7% this year, inflation would remain at single digit between 7 and 8% and that interest rates would come down to from 15% to 12.5%, exchange rates would stabilize and the envisaged harmonisation of salaries in the public service. UDF reminded the Minister that those may be the wishes of the government, but it would be important to be realistic on such assumptions bearing in mind the looming world economic disorder that has and will continue affect least developed countries such as Malawi.

On agriculture and food security, the UDF observed that the ministry has been allocated with MK32 billion out of which MK19.4 billion is for fertilizer subsidy programme. The government is concentrating more on the programme at the expense of other activities under the Ministry of Agriculture and food security. The functions of the Ministry are not only for fertilizer subsidy, yet this programme gets the lion's share of resources. The UDF advised the government to manage the subsidy programme properly in order to avoid economic distortion in the country.

On Irrigation and Water Development, UDF observed that there is a lot of donor support on integrated water resource management programme. The programme is aimed at providing access to portable water for the people in this country. The UDF expressed concern over the government's continued provision of information on the construction of dams in the country, but yet people are still questioning where the dams are constructed. He therefore urged the government to be more diligent on the provision of portable water.

On infrastructure development, the UDF applauded the government for maintenance works and construction of roads in the country, however there was need to check quality of such big and costly projects. Most of the maintenance works carried out in the country were substandard. The UDF was quick to point out major and durable infrastructure development works carried out during their term of office between 1994 and 2004.

The UDF expressed concern over the performance of Air Malawi, which has declined to limited air transport within the country when in the early 1970s it was possible to fly to the northern part of this country as far as Karonga.

On rural development, UDF believes that, through decentralisation, decisions for rural development ought to be made at district level but lack of resources continue to impact adversely on the programme. Further to that, the constituency development fund, which is managed through the local assembly, needs to be increased from the current MK3 million to MK5 million.

On health, the UDF shadow Minister of Finance observed an increase in the allocation in this year's budget. Despite such annual increases to this sector there is still inadequate medication in most hospitals in the country. Equipment in most hospitals including Kamuzu Central Hospital are in a state of disrepair - only two kidney dialysis machines are working.

On education, UDF observed an increase in allocation to this ministry. About MK15.7 billion has been allocated to this ministry but it is surprising to note that a larger part of this allocation is for personal emoluments i.e. teachers' salaries. The Ministry requires a more than just meeting salaries - it needs laboratories, libraries, infrastructural repairs. To this extent the UDF advised government to add more resources to the Ministry.

In conclusion, the UDF advised government to be serious on financial management if this country is to make a meaningful progress and achieve sustainable socio-economic development.

### **3.5.3 Parliamentary Committee on Budget and Finance**

Hon Lillian Patel, MP, Spokesperson for Budget and Finance Committee delivered the response to the budget statement.

The Committee noted that the proposed budget is based on some key assumptions regarding the anticipated performance of the economy in 2008/2009. While some of these are clearly tenable, given recent trends, the Committee finds it difficult to accept the assumptions made with respect to money supply or the inflation rate and the value of imports.

The budget assumes that money supply will grow by 12.2% in 2008/2009. The House could benefit from knowing that broad money supply grew by 36% in 2007 reportedly due to increased economic activity by the private sector. In the coming year, it is anticipated that increased private sector demand for liquidity will likely be accentuated by assumed decline in the bank rate from 15% to 12.5% as well as the assumed price stability.

The budget further assumes that the inflation rate will decline from 8% in 2007 to 6.5% in 2008/2009. While this assumption may have been premised on the assumed money supply growth rate of 12.2%, this will not be tenable if money supply actually grows by significantly more than 12.2% as predicted by the Committee.

The Committee finds it very surprising that there does not seem to be strong correlation between money supply and prices in Malawi. The Committee notes, for instance, that inflation remained as low as 8% in 2007 when money supply grew by 36%. It is also the Committee's view that the inflation statistics recently reported do not reflect the situation on the ground where all prices, including food, rose significantly more in 2007 than the inflation statistic of 8% would simply suggest. It is the Committee's view that the credibility of official statistics is a very important aspect of good economic governance.

The proposed budget pegs the resource envelope at K208.1 billion representing a 27% over the approved budget for 2007/2008 which was at K163.9 billion. This is a significant increase considering that the comparable percentage increase in 2007/2008 Budget was 19.9%. It is expected that about 56.8% of the resources will be locally generated especially from tax revenues - that is K103.3 billion.

The Committee noted that tax revenue will grow by 24.5% over the approved figure of K86.2 billion in 2007/2008. The Committee is concerned that the growth rate in domestic revenue in general, and tax revenue in particular, is significantly greater than the assumed growth rate in nominal GDP of 12%. As a result, the tax ratio has generally deteriorated over time, and tax is expected to constitute over 18% of GDP in 2008/2009. This is a marked increase from the 16.4% tax ratio set in the

2007/2008 Budget and it shows that the target of achieving the SADC standard tax ratio of 15 % of GDP may not be possible.

Furthermore the Committee noted that the forecast for non-tax revenue has been revised downwards from K12 billion in the Approved 2007/2008 Budget to K10.9 billion in the 2008/2009 Budget. This downward revision has obviously been occasioned by under collections in the 2007/2008 year notwithstanding the reintroduction of the Appropriations in Aid arrangement. The Committee's view is that agencies and departments earmarked to benefit from the reintroduction of Appropriations in Aid are currently very inefficient and have weak management structures. It is imperative therefore, that such agencies and departments be adequately assisted to develop appropriate capacities for enhanced non-tax revenue collection.

The Committee noted that the 2008/2009 Budget, Grants exhibited much slower growth relative to domestic revenue. While Grants grew by no more than 15.5% in the last couple of years, they are expected to grow to about 37% between 2007/2008 and 2008/2009. The Committee agreed with the Ministry of Finance that this increase is a reflection of growing donor confidence. The Committee commended government for this achievement and joined the Minister of Finance in thanking the donor community for supporting the country's development programme.

However, the Committee is concerned that a significant amount of donor support is still not being channeled through the Budget. This makes it difficult to obtain a reliable estimate of the total amount of resources available and being spent in each sector. The Committee, however was encouraged to note that the Debt and Aid Directorate in the Ministry of Finance is now compiling and publishing information on the levels of donor support.

On expenditure, the proposed budget estimates total expenditure and net lending is to be K229.2 billion representing a significant increase of 32.1% over the approved budget of 2007/2008. Of this, recurrent expenditure will be K172.1 billion which is 75.1% and development expenditure will be K57.1 billion. The Committee considers this to be a very expansionary budget by all standards.

The Budget speedily spreads the limited resources through too many activities and the growth in expenditures does not seem to have due regard for the smallness of the national resource envelope. The result of this is that the Budget is increasingly withdrawing too many resources as a percentage of GDP from the private sector and is worsening both the deficit position and foreign borrowing. The budget deficit increases from K9.7 billion approved in 2007/2008 to K21.2 billion in 2008/2009.

On aligning the budget with the MGDS, the Committee assessed the degree of this alignment and was generally satisfied with the outcome of the assessment. Relative to the MDGS Budget framework for 2008/2009,

the Committee noted that the proposed Budget is in line with all the targets except on the fiscal deficit.

On agriculture and food security, the Committee noted that the allocation to the Ministry of Agriculture and Food Security has increased from K21 billion in 2007/2008 to K32.2 billion representing a significant increase of 53.7%. In addition, the sum of K493.9 million has been allocated to the agricultural sector in the assemblies. However, the Committee further notes that the Nutrition and Food Security Programme in the Ministry singularly accounts over 72% of the Ministry's allocation totaling K23.2 billion. Excluding the 11.6% allocation to administration and support services, the rest of the programmes in the Ministry are left to share the remaining K5.26 billion or 16.3% of the Vote's allocation.

The Committee's view is that other key functions of the Ministry of Agriculture and Food Security are not receiving adequate attention in the course of implementing the farm inputs subsidy programme. In this regard, the Committee proposed that a separate government agency should be created to take responsibility for the implementation of the programme in order to allow the Ministry to concentrate on other core business activities.

On health, the Committee noted that the allocation to the Ministry of Health and Population has increased by 26.7% over the approved for 2007/2008 from K18.3 billion to K23.2 billion. However, because the 2007/2008 budget for the sector was revised downwards to K16.5 billion at Mid-Term, the increase over the revised budget is 40.7%. In addition, the sum of K8 billion has been allocated to the health sector in the local assemblies representing 74.1% of the total allocation to the assemblies. Within the parent Ministry of Health and Population allocation, the Committee commends the proposed significant increases in the allocations for environmental health, infrastructure development, preventive health and technical support services, which have increased by 46.6%, 36.7%, 35.9% and 515.6% respectively. However, the Committee is quite concerned that allocations to curative health and information related programmes have declined in the Budget and would like to know the reasons for this.

On education, the proposed Budget estimates total expenditure for the Ministry of Education, Science and Technology to be K19.3 billion excluding the sum of K487.3 million allocated to the assemblies. This represents a mere 9.9% increase over the approved budget for 2007/2008 and a 3.2% decline over the revised budget for 2007/2008. In particular, it is noted that the allocation to the primary education programme significantly declined by 39.1% over the revised budget of 2007/2008 from K13.76 billion to K38.3 billion. The Committee demanded an explanation for this reduction.

On HIV/AIDS, the Committee observed that allocation to Nutrition and HIV/AIDS is set at K18.6 billion, representing a 75.7% increase over the



approved budget of 2007/2008 and a 43.8% increase over the revised budget for 2007/2008. Out of this, K15.2 billion is from the Global Fund while K2.6 billion is from the Canadian International Development Association. The implication is that the local contribution to fight against HIV/AIDS is quite negligible at 4.5% of the total expenditure. The Committee finds this situation to be rather precarious and suggested that there should be an increase in the local resource contribution to this fight. Such an increased contribution will not only signal government's commitment, but also ensure that the component of the programme can be sustained in the event that donor funding is no longer available.

## **5.1 General debate on the budget statement**

### **General observations**

Members observed that the assumptions in the budget as presented by the Minister of Finance need to be looked into very seriously. Most of the Members who contributed to the budget statement were of the view that allocations to some government departments such as Agriculture, Health and Education ought to be increased to meet the needs of the people in this country, while some urged government to change the system of fertilizer subsidy in order to reduce corruption which is rampant in the current system. They argued that the coupon system tends to benefit members of the ruling party. They therefore asked government to consider introducing universal fertilizer subsidy if the country is to truly attain food security. On education, the Members observed that a large amount of money is spent on salaries and not on actual development of the education sector. Most schools in the country perform poorly due to inadequate laboratory facilities and infrastructure that support education.

On water and irrigation, Members observed that allocation of boreholes to be drilled is not clear and there is need for government to establish an effective and efficient mechanism for identifying places that need boreholes or indeed piped water.

Most of the members expressed concern over poor financial management in government departments and urged government to tighten up loose ends to safeguard the hard won donor confidence.

## **5.2 SUPPLEMENTARY APPROPRIATION BILL 2007/2008 BUDGET**

The Minister of Finance presented the 2007/2008 Supplementary Appropriation Bill seeking approval for government expenditure amounting to K9,034,197,296 which was done without approval of Parliament. This was due to the delay in passing of the 2007/2008 budget. The centre of attraction was the purpose of expenditure to which the government was at pains to provide convincing explanation to the opposition. The debate mainly focused on external trips which, the opposition alleged, consumed a large part of the amount mentioned. Considering the period before the 2007/2008 budget was passed, the expenditure

appeared to be justifiable and Parliament therefore authorised the Minister of Finance in accordance with the Public Finance Management Act, 2003.

## **7 COMMITTEE OF SUPPLY**

### **6.1 VOTE 050: STATE RESIDENCES - MK 993,438,524**

The vote met with strong resistance from the opposition. Some expressed concern on the fact that the vote has never been audited since 2003 and wondered why that was happening. Nevertheless, the vote was eventually agreed upon.

### **6.2 VOTE 260: MINISTRY OF FOREIGN AFFAIRS - MK4,245,000,000**

The Ministry of Finance moved a motion for the House to consider a total of K4,245,000,000 as allocated to the Ministry to become part of the budget. Members queried the performance of our Embassies. They argued that the calibre of workforce left a lot to be desired and asked government to monitor performance including conducting periodic audits to ensure that there is financial prudence in the utilization of public resources. After intensive debate the motion was agreed to without amendment.

### **6.3 VOTE 080: NATIONAL ASSEMBLY - MK 2,800,705,512**

This vote was deferred as Members wanted to include additional fuel allowances.

### **6.4 VOTE 093: DEPARTMENT OF HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT - MK6,139,195,738.**

This vote was deferred due to the inclusion of the Remuneration Board which was illegally constituted and the Minister was advised to reduce it by MK36,000,000.

### **6.5 VOTE 094: DEPARTMENT OF NUTRITION, HIV/AIDS AND NATIONAL AIDS COMMISSION - MK 18,620,667,996**

Members who contributed to this vote expressed concern over the purchase of nutrition food stuffs such as sibusiso, while others were of the view that K18 billion was on the lower side considering the problems brought about by HIV/AIDS in the country. After thorough debate, the vote was passed as proposed.

### **6.6 VOTE 097: PUBLIC SERVICE COMMISSION - MK 79,753,396**

The debate on this vote did not attract much disagreement, however some Members were of the view that the amount of money allocated to this Commission last year needed to be explained on what was achieved therefrom. The motion was agreed as proposed.

### **6.7 VOTE 099: PUBLIC PROCUREMENT DIRECTORATE - MK 97,409, 231**

Most of the Members who contributed to this vote expressed concern over the delays in the procurement of some important commodities and services paving way for corrupt tendencies. As such, an example was given on procurement of services such as printing of MANEB examinations, which found their way to the

streets before the exams were actually held. Thereafter the motion was agreed to as proposed.

**6.8 VOTE 100: MINISTRY OF NATIONAL DEFENCE - MK 433,338,255**

Members noted that the Ministry overspent by MK150 million the previous year despite an upwards adjustment which was made from the original proposal, however the vote was agreed to as proposed.

**6.9 VOTE: 101 MALAWI DEFENCE FORCE - MK4,425,116,588**

Members asked government to change the system of providing soldiers with money to food ration. Members agreed that soldiers undergo a gruelling regimen and as such they need to be well fed. Members also wanted to know whether there are gender sensitive infrastructures in our Barracks, bearing in mind that the Barracks have been male dominated for a long period of time. Thereafter the vote was agreed to as proposed.

**6.10 VOTE: 110 MINISTRY OF ECONOMIC PLANNING AND DEVELOPMENT - MK2, 598,438,424**

The vote was agreed to, but only after some criticism on the performance of the Ministry, in particular with regard to MASAF projects. Members observed that some projects were implemented on political lines. The beneficiaries of such projects were identified by political affiliations, which is contrary to the intention of the initiators of the projects. They further warned that using government projects to advance party political agendas is a form of rigging - in particular this time when the country is preparing for the fourth multiparty general elections in May 2009. However government maintained that MASAF is one of the social protection interventions being implemented in partnership with our cooperating partners. Members also argued that the government has not developed appropriate mechanisms to measure the performance of the MGDS and asked government to be more accountable and transparent when dealing with programmes that aim at improving the living standards of people. The vote finally passed without amendment.

**6.11 VOTE 111: NATIONAL STATISTICAL OFFICE - MK 1,921,842,434**

Most Members who contributed to the debate on this vote argued over the authenticity of reports generated by the Statistical Office. Among others, there are reports indicating that the economy of the country is growing, yet such growth does not seem to have made any difference to the level of poverty in the country. Members also questioned the various methodologies used in calculating GDP, pointing out that, whilst the United States of America advocates an old method, Norway prefers a new method of calculating GDP. The Government may be using double standards by applying whichever method that suits the need when it comes to arguing specific viewpoints on economic growth. Members also feared poor enumeration during the census due to large areas per enumerator in rural areas. Finally the vote was agreed to without amendments.

**6.12 VOTE 120: MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT - MK 2,189,077,949**

The Ministry came under fire due to poor performance on the development budget of 2007/2008. Members queried the Ministry on the implementation of the Constituency Development Fund (CDF) which, according to reports, most Members find difficult to access despite clear guidelines. They also queried the Ministry on Chief's houses whose funds were provided for in the 2007/2008 budget. Members also asked the Ministry to extend honoraria to Village Headmen who are not receiving anything currently. The House agreed to the vote.

**6.13 VOTE 130: MINISTRY OF LANDS AND NATURAL RESOURCES - MK3,018,841,416**

Members wondered why the budget for the Ministry has been reduced from MK 3.2 Billion during 2007/2008 to MK 3.0 Billion this year. Government explained that one of the programmes, 'Kuzigulira Malo' was funded by cooperating partners and that has drastically reduced the allocation on budget and that Government this year will have very little responsibility on this programme. Members also queried the omission of Housing component in the budget. This was due to the detachment of Housing from Lands. The vote was agreed to.

**6.14 VOTE 180: MINISTRY OF YOUTH DEVELOPMENT AND SPORTS - MK 696,574,568**

Members argued that Malawi is not adequately preparing for the 2010 World Cup. Most of our stadiums, including Kamuzu Stadium, are in bad shape despite an allocation of MK 41 Million last year. Development of sports in the country leaves a lot to be desired. The Ministry's performance was therefore questionable. Despite assistance from cooperating partners, standards of sports in the country are still dwindling. Furthermore, Malawi is a Member of the Pan African Parliament, but seems not to be as fully involved in the preparations for the 2010 World Cup as it is the case with other member states. The vote was agreed to.

**6.15 VOTE 200: MINISTRY OF PERSONS WITH DISABILITIES AND ELDERLY - MK 502,000,000**

The budget of the Ministry included construction of about 400 shelters for the elderly. Members queried the criteria that Government uses to identify such beneficiaries. Members indeed expressed fears that political manipulation may play a significant part in the selection. During the 2007/2008 budget, a total of MK72 Million was allocated but no report on beneficiaries was made available. The Ministry clarified issues raised and the vote was agreed to.

**6.16 VOTE 210: MINISTRY OF IRRIGATION AND WATER DEVELOPMENT - MK 7,689,430,309.**

The provision of safe and potable water is key to the development of the country. This priority was reflected by the large allocation for the provision of safe and portable water. The Ministry also believes in food security to galvanise

developmental activities and as such, the Ministry intends to encourage irrigation system of farming to supplement rain fed farming. However Members queried the ministry over borehole drilling where, according to their arguments, last year they were promised five boreholes each and rehabilitation of the rest of boreholes in each constituency. However, very little took place in most of the constituencies to the effect that people are still suffering and dying from water borne diseases because of lack safe drinking water. Furthermore, irrigation systems are not evenly distributed throughout the country as intimated by the Ministry. Members also argued that most of the earth dams constructed for irrigation purposes thus far are not working, while multi-purpose dams have not been constructed as indicated in last year's budget. The vote sparked controversy on allegations that the Minister responsible drilled twenty five boreholes in his constituency alone and that there was no information as to how many boreholes have been planned to be drilled this year. The House agreed to defer the vote to give time for the Minister to provide information. The Minister provided the house with information requested the following day and the vote was agreed to.

**6.17 VOTE: 240 OFFICE OF THE VICE PRESIDENT - MK 111,688,220**

Most of the Members who contributed towards this vote wondered why this office should be funded when there was ostensibly no work performed since the incumbent VP was under long term house arrest. They further queried Government as to why the case involving the Vice President was taking so long to be concluded. The Government response was that the office required funding since there were personnel and a fleet of vehicle for the office as well as salaries for the Vice President to be covered as he continues to be looked after by Government. After such similar arguments the vote was agreed to without amendments.

**6.18 VOTE 270: MINISTRY OF FINANCE - MK 3,370,048,044**

Members contributed positively to this vote. However, the issue of taxation became a bone of contention. Members argued that the Ministry is too restrictive on requests for duty waiver for certain products which are donated to institutions dealing with orphans in the country. Furthermore, Members were also wondered about the way issues of tax exceptions are handled in the country. They also asked Government to remove duty on spare parts for Boreholes. In addition, allegations that Government has given Mota Engil 99 years lease for the construction of the Shire-Zambezi Waterway raised more heated debate. Another centre of controversy was the issue of calculations for pensions for civil servants. Members seemed to prefer the old method of calculation, however the Minister maintained that the new calculations would benefit pensioners in a more tangible manner. The vote was agreed to.

**6.19 Vote 271: ACCOUNTANT GENERAL'S DEPARTMENT - MK 2,204,999,824**

The vote faced stiff resistance from Members – particularly due to the (non) performance of the office of Accountant General. In some District Assemblies,

ticket sellers have assumed positions of Directors of Finance when they know nothing about accounting. In some instances, there were confusions between the work of Accountant General and that of Administrator General. Further to that, Members wondered whether IFMIS is functional yet, bearing in mind delays in payment when last year they were promised improved service delivery through IFMIS. Members asked the Minister to explain the accruals from sale of Maize to Zimbabwe. The Minister of Finance responded to some of the questions raised on this vote - in particular on the sale of maize to Zimbabwe, which realised a total of MK1,141,000,000. The vote was agreed to without amendments.

**6.20 VOTE 273: MALAWI REVENUE AUTHORITY - MK 3,120,000,000**

There were no major issues on this vote except for concerns over the treatment of clients and unjustifiable revisions of the costing of products by MRA officials during tax collection. The vote was agreed to without amendments.

**6.21 VOTE 370: MINISTRY OF LABOUR - MK 602,798,136**

Members noted that the Ministry is one of the lowest funded despite bearing the responsibility of ensuring that labour services are carried out in the country in line with available legislation. The Ministry was accused of failing to monitor adherence to minimum wages in most companies operating in the country. In addition, it was deemed to have failed to empower citizens since most companies continue to employ foreigners for jobs that can be done by Malawians. After some clarifications were made on pertinent issues by the responsible Minister, the vote was agreed to without amendments.

**6.22 VOTE 390: MINISTRY OF INDUSTRY AND TRADE - MK 1,130,593,226**

This vote attracted some controversy over the construction of factory shells where a total of K25,378,610 has been allocated. Members wanted to know where such infrastructure will be constructed in the country, bearing in mind that a total sum of K8,281,000 was allocated for similar activity during the 2007/2008 budget. Another bone of contention was the delay by the Ministry in designing a merger of MIPA and MEPC in order to improve efficiency and effectiveness in service delivery. The Ministry was under fire on the delays in registration of companies, approval for business operations and even land allocation for large businesses. Unsatisfactory explanations were offered, however after a lengthy discussion on these important issues the vote was finally agreed upon.

**6.23 VOTE 250: MINISTRY OF EDUCATION AND VOCATIONAL TRAINING - MK19,321,533,840**

The vote require a number of clarifications by the Ministry. Most of the Members who contributed on this vote were concerned over the performance of education in the country whereby standards of education appear to have gone down, renovation of institutions leave a lot to be desired despite allocations for the requisite work in the previous budgets. Girls' hostel improvements and construction of new hostels for increasing girls' boarding schools were some of the issues that were brought before the concerned Ministry. After some

commitments and clarifications by the concerned Minister, the vote was agreed to without amendments.

**6.24 VOTE 190: MINISTRY OF AGRICULTURE AND FOOD SECURITY - MK32,234,111,526**

Members who contributed to this vote argued on the rationale over distribution of fertilizer coupons. They alleged that coupons were distributed through the ruling party political machinery whereby Ministers and MPs of the ruling DPP obtained coupons for distribution to their supporters. The system of targeted fertilizer subsidy through coupons was also refuted, instead of which Members urged the Government to adopt universal fertilizer subsidy through clubs as proposed by the Opposition. However Government maintained their stand and pledged for more subsidized fertilizer during the 2008/2009 growing season. After a lengthy discussion the vote was agreed to.

**6.25 VOTE 279: FINANCE INTELLIGENT UNIT - MK83,500,000**

Members argued that the FIU will not be effective in the absence of the Director. They further argued that, all stakeholders are supposed to be taken on board with extensive civic education for the general public if Malawi is to have an effective money laundering programme. The Minister of Finance agreed to the concerns and promised to take them on board. The vote was agreed to.

**6.26 VOTE 310: MINISTRY OF HEALTH - MK23,178,746,334**

The Ministry was taken to task over a number of issues arising from the 2007/2008 budget including, but not restricted to the distribution of ARVs, training of nurses, staffing of health centres in the country, construction of houses for medical personnel and construction of health centres. The Ministry provided some information which was refuted by Members. The House demanded a comprehensive list of houses as well as health centres constructed throughout the country. The vote was deferred the first time it was introduced, but the Ministry on the following day, provided the house with information demanded and the vote was agreed to.

**6.27 VOTE 320: MINISTRY OF WOMEN AND CHILD DEVELOPMENT - MK1,572,521,970.**

Most Members who contributed to this vote argued over the unrealistic budgets for specific sub-programmes in the budget documents under this vote. There were indications that activities which were not carried out last year were featured again this year without justification on how the money allocated had been used. Examples such as the Magomero Community College, which showed salaries for more staff than were actually employed at the college were used to highlight abuses. The Minister responsible explained that some activities are funded by both donors and government and that the budget indicated government contributions only. The vote was agreed to.

**6.28 VOTE 330 MINISTRY OF INFORMATION AND CIVIC EDUCATION - MK 327,363,816**

This was a controversial vote in keeping with the previous year (2007/2008) which saw the Ministry facing the same problems in the House. Members generally were not satisfied with the performance of the Ministry with some alternating between the activities of the Ministry and that of TVM and MBC which fall under statutory corporation subventions. The vote was deferred due to misunderstanding on procedures, however it was later agreed to

**6.29 VOTE 340: MINISTRY OF HOME AFFAIRS AND INTERNAL SECURITY - MK420,776,884**

The vote was accepted by most of the members however some felt that the allocation to this Ministry was on the lower side bearing in mind the importance of internal security. Furthermore, the vote was criticized on the costing of fuel - looking at the importance of mobility for this Ministry. The Minister agreed to the concerns but argued that all those issues had been taken care of. The vote was agreed to.

**6.30 VOTE 314: MALAWI POLICE SERVICES - MK3,420,910,963**

Members contributing to this vote were concerned over the welfare of police officers over issues of housing, mobility, uniforms and general working conditions. Most of police stations are still in poor state despite a number of allocations having been granted for rehabilitation and construction of offices and staff houses in previous years. The Minister responsible explained that much was done during the 2007/2008 budget, whereby some offices were rehabilitated and staff houses are under construction. The vote was agreed to.

**6.31 VOTE 342: MALAWI PRISONS - MK671,941,800**

Members expressed their concern on the overcrowding, shortage of food and general non adherence to human rights issues in our prisons. The Ministry responded that overcrowding in prisons will soon be reduced as the Government is turning Luwani Refugee camp and Prison Farm in Zomba into prisons. Makande prison was also being rehabilitated to accommodate a cattle ranch to supplement feeding to prisons. The vote was agreed to.

**6.32 VOTE 343: IMMIGRATION DEPARTMENT - MK 462,249,963**

The debate on the vote centred on illegal immigrants in the country and laxity of the department in enforcing the law. Members noted that residential areas in Lilongwe such as Kawale, Chilinde, Mchesi are flooded with illegal immigrants, some whom have opened shops while others came as refugees due to the porosity of our borders. The Minister explained that the Ministry carries out periodic checks and deportations are conducted. He further promised to strengthen capacity of the department to improve its performance. The vote was agreed to

**6.33 VOTE 350: MINISTRY OF JUSTICE - MK 1,146,600,000**



The vote sparked controversy surrounding the issue of Section 65 wherein Members believed that the Ministry was denying justice to them. They alleged that the Ministry failed to assist, the Attorney General's office being a case in point. They deferred the vote to allow the Minister to provide information on the status of Section 65 and other issues as demanded by Members. The vote was finally agreed to after explanations were provided on the following day.

**6.34 VOTE 351: DIRECTOR OF PUBLIC PROSECUTION AND STATE ADVOCATE - MK196,512,014**

Members outlined the challenges faced by the Ministry and asked the Minister about plans to deal with the high labour turnover - in particular for lawyers. Members also queried the Directorate over failures in timely investigation and bringing culprits to courts. Members agreed to defer the vote until the Minister concerned explained issues in particular on people who have been in prisons for long periods without trial. The Minister revealed some plans including increasing salaries for lawyers and recruitment of lawyers to speed up outstanding cases. The vote was agreed to.

**6.35 VOTE 352: REGISTRAR GENERAL'S DEPARTMENT - MK55,880,000**

Members asked the department to establish branches in the central and northern regions to assist people who currently have to travel long distances to get services. The Minister advised the Members that regional offices are being opened in the northern region thereafter they will be opening in the central region. The vote was agreed to.

**6.36 VOTE 353: ADMINISTRATOR GENERAL'S DEPARTMENT - MK58,572,888.**

Members argued that the department has never performed to the expectations of people of this country. The department is poorly staffed and systems are not properly managed. The Minister concerned outlined some steps that have been taken to address the alleged problems. The vote was agreed to after lengthy arguments.

**6.37 VOTE 354: DEPARTMENT OF LEGAL AID - MK 95,000,000**

Members agreed to the vote without further ado.

**6.38 VOTE 430: HUMAN RIGHTS COMMISSION - MK101,000,000**

Members observed that Human Rights issues are very important to developing countries such as Malawi and asked the Ministry concerned to consider increasing the allocation.

Ministry responded that it was the wish of the Ministry to allocate more resources but due to resource constraints it would be difficult to consider the proposal. The vote was agreed to without amendments.

**6.39 VOTE: 460 ELECTORAL COMMISSION - MK5,238,153,472**

Members argued that much as they appreciated that the work of the Commission is crucial for free and fair elections in the country, they observed that the Commission seems to regard Traditional Authorities as the major stakeholder in the process. They further observed that civic education on registration takes too long and expressed concern over the intention by the Electoral Commission to use District Commissioners as presiding officers as the DCs had not displayed neutrality in the past. The vote was agreed to.

**6.40 VOTE 550: OFFICE OF THE OMBUDSMAN - MK144,306,360**

No member seemed interested to debate this in detail and the vote was agreed to

**6.41 VOTE 560: LAW COMMISSION MK123,490,000**

Members expressed concern over delays by the Commission in acting on various issues brought before it. The vote was agreed to.

**6.42 VOTE 400: MINISTRY OF TRANSPORT ,PUBLIC WORKS AND HOUSING - MK3,269,944,268**

The debate on this vote centred on Shire-Zambezi Waterway project. Members questioned the 2007/2008 allocation of about MK150,000,000 on the project. Further, members also questioned the poor state of roads in the country when funds were made available for infrastructure development including rehabilitation. The Minister explained that Shire-Zambezi Waterway is a big project whose implementation is done in phases. Since last year, government has been spending on visibility studies and some small works. On infrastructure, development works are currently underway at Chileka Airport. The vote then was agreed to.

**6.43 VOTE 420: ROADS FUND ADMINISTRATION - MK 14,961,640,000**

Most of the members who contributed to this vote expressed concern over poor roads rehabilitation. Furthermore, whilst some roads have been under feasibility study for long periods with no visible action. In addition, some roads are narrow and thus dangerous to motorists. The Minister concerned assured the House that the Ministry has planned rehabilitation and construction of a number of roads as suggested by Members. The vote was agreed to.

**6.44 VOTE 080: NATIONAL ASSEMBLY - MK 2,800,705,512**

Nobody wished to debate this vote, and it was agreed to without delay.

**6.45 VOTE 121: LOCAL GOVERNMENT FINANCE COMMITTEE - MK11,628,141,391**

The issue on this vote was the Constituency Development Fund (CDF). Members asked the Committee to provide timely fund to Assemblies for the CDF so that important projects in the constituencies are implemented in time. The vote was agreed to.

**6.46 VOTE 360: MINISTRY OF TOURISM, WILDLIFE AND CULTURE - MK1,256,609,412**

Members asked the Ministry to explain Malawi's preparedness for the 2010 World Cup – particularly with regard to the development of tourist attraction areas, roads network, electricity and control of tsetse flies in Vwaza Game Reserve. The Minister unpacked plans in readiness for the World Cup. Vigorous inspections are underway and works are being done in most of the stadiums in the country. Consultants have been engaged to come up with tourism packages to attract tourists. The vote was agreed to.

**6.47 VOTE 470: MINISTRY OF ENERGY AND MINES - MK1,688,004,827**

Members were concerned over environmental degradation in the country and poor management of forest reserves. They further argued that Charcoal vending is rampant and the Government has failed to control it.

The Minister responsible argued that Government introduced MARDEF for people in rural areas to be economically empowered so that charcoal vending is controlled as one way of preserving our forests. The vote was agreed to.

**6.48 VOTE 471: GEOLOGICAL SURVEY - MK119,740,130.**

Members expressed concern over the state of the laboratories within this department and wondered whether the department really functions. The Minister concerned promised that the concerns will be taken on board. The vote was agreed to.

**6.49 VOTE 472: MINES DEPARTMENT - MK161,809,584**

The vote was agreed to without any further discussion.

**6.50 VOTE 310: MINISTRY OF HEALTH - MK23,178, 746,334**

Most of the Members who contributed to this vote thanked the Ministry for remarkable improvements in the health sector. However they expressed concern over inadequate health facilities and personnel capacities in some health centres in the country. The Ministry explained that improving the current operations is a major priority. The vote was agreed to.

**6.51 VOTE 350: MINISTRY OF JUSTICE - MK 1,146,600,000**

This vote was deferred on grounds that justice is not seen to be done. Members gave examples of Section 65 which is a constitutional issue. The Minister reduced the vote and explained to members that government had no problems with Section 65 however it was individuals who went to court seeking injunctions on the issue. The vote was later agreed to.

**6.52 VOTE 093: DEPARTMENT OF HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT - MK 6,139,195,738**

This vote was deferred when it was first introduced due to the inclusion of the Remuneration Board which, according to the Members, was illegally constituted

hence should not to appear in the budget. The Minister of Finance was asked to reduce the Vote by MK36,000,000. The vote was agreed to with this amendment to reflect MK6,102,249,738.

**6.53 VOTE 510: ANTI CORRUPTION BUREAU - MK 323,588,265**

This vote attracted heated debate over allegations that the Bureau has failed to operate independently. A number of cases have been politicized hence rendered inconclusive. They provided a number of cases such as issues pertaining to the Late Nyandovi Kerr and Benson Tembo, procurement issues of the Clerk of Parliament, special account on Privatisation of MTL, Vwaza Game Reserve issues and failure of the Government to appoint Deputy Chief of the Bureau which has impeded prosecutions of some cases. When the vote was introduced for the second time, the Minister explained that the Bureau has accepted with regret the shortfalls noted by Members and promised to improve. The vote was then agreed to.

**6.54 VOTE 275: SUBVENTIONS TO STATUTORY ORGANISATIONS - MK 9,903,622,062**

This vote was deferred when first introduced, due to the inclusion of TVM and MBC. Members demanded that a total of MK212,000,000 be removed from the vote meant for TVM and MBC because these institutions are not independent. The above new figure was reached and agreed to, thereby leaving TVM, MBC 1 and 2 with MK1 each for the entire year.

**6.55 VOTE 090: OFFICE OF THE PRESIDENT AND CABINET - MK2,146,232,040**

This vote was deferred on the grounds that Government should re-allocate the Clerk of Parliament away from the National Assembly. The Government made a commitment, in writing, to the effect that the COP has been sent on leave pending re deployment. Based on the letter, the vote was agreed to.

**6.56 APPROPRIATION BILL: MK 229,524,410,878**

The House agreed to the Bill and marked the end of the Committee of Supply. The 2009/2010 budget was thus passed into law.

**6.57 BILL NUMBER 21: SUPPLEMENTARY APPROPRIATION 2007/2008**

The House passed the Bill on Thursday 28<sup>th</sup> August, 2008.

The tables in Appendix 1 and 2 show variations in terms of how business that was received by Parliament in the current 40<sup>th</sup> Session of Parliament were handled. The 40<sup>th</sup> Session was composed of two meetings, the second being the budget meeting. It is, however, important to note that, on average, about 69% of the business that was brought before the House was concluded while approximately 31% remains outstanding.

**CONCLUSION**

This report was commissioned by IPI to analyse the Second Meeting of the 40<sup>th</sup> Session of Parliament (Budget Meeting) from 19<sup>th</sup> May to 29<sup>th</sup> August, 2008 at the New State House in Lilongwe. During this session, the House was adjourned thirteen times due to issues of procedure, misunderstandings on Section 65 of the Constitution, death of Members of Parliament etc. The Budget Meeting was characterised by some Commentators as 'childish' and 'lacking seriousness on the part of Members of Parliament on issues of National interests'. Some members of Civil Society joined the fray by vigorously advocating for the passing of the budget but came under fire over their apparent ignorance on issues that were constitutional in nature. The Government was restrained throughout the period while the opposition felt betrayed by Civil Society reluctance to join them in calling for the implementation of Section 65.

Some Civil Society organisations expended considerable effort to ensure that the budgetary process was consultative, transparent and accountable through budgetary advocacy to make sure that constituents understand their role in the budgetary process and are equipped with skills for budget analysis. CSOs also assisted in the establishment of mechanisms for accountability and transparency in the allocation and utilization of public resources through budgetary tracking initiatives.

It is worth noting that this budgetary session of parliament nearly ended in a fruitless stalemate due to the ongoing Section 65 related impasse wherein the Executive categorically refused to accept the Supreme Court ruling pertaining to the constitutionality of the the section and further, to allow any discussion on the topic in the Plenary. Affected M.P.s unleashed a deluge of injunctions through the courts – some preventing S65 from being tabled whilst others called for the said section to be tabled before any other business was conducted.

The intransigence of both sides raised serious concerns regarding the possibility that the budget would not be passed and vital services such as the fertiliser subsidy would not be implemented, thereby adversely affecting every Malawian. It was against this backdrop that the Faith Community with support from Academia stepped in to fill the breach by initiating a dialogue between the Government and Opposition benches. A compromise solution was attained after much consultation and deliberation and an agreement outlining a staggered timetable, whereby both the Budget and S65 would be tackled in parallel (see appendix 3), was drawn up for endorsement by all the parties in Parliament, however it failed to pass the final hurdle, i.e. approval from the President and the conciliatory efforts proved fruitless.

The stalemate was finally broken when the President solemnly pledged to allow S65 to be tabled in the House, but only after the Budget had been passed. The Opposition reluctantly agreed and proceeded to pass the Budget in good faith – which was not reciprocated by the President, who broke his promise by promptly 'proroguing' Parliament as soon as the Budget was passed. For the first time in Malawi, Parliament performed as an effective counterpoint to rampant Executive Power, but the challenge was quickly neutralised by the Executive– and not always by fair or constitutional methods.

This was a tremendously trying time for Malawi's nascent democracy and the after effects will linger on for many years to come.

## Appendix 1

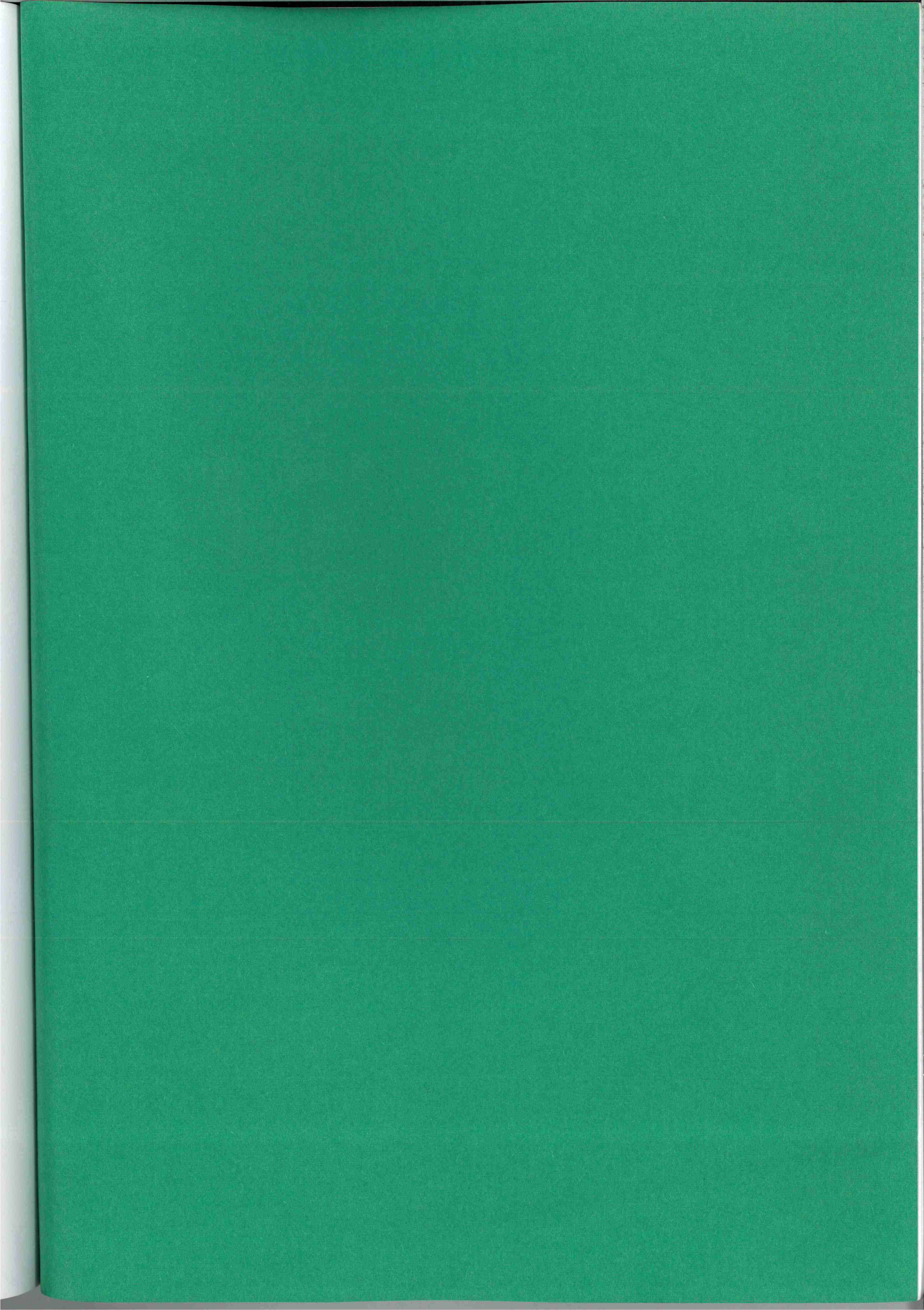
**Table 1 Summary of the Budget Meeting of the 40<sup>th</sup> Session of Parliament**

1. The 2008/09 Budget Estimates	Passed on 28/08/08	Much of the time was spent on Section 65 with 13 adjournments.
2. Questions on Notice to Ministers for Oral Replies	A total of 181 Questions were prepared - of which, 79 were taken (44%) while 102 (56%) were not tackled.	
3. Committee Reports	A total of 13 reports for various Committees were ready for presentation and debate in the House - of which 6 (46%) were presented and 7 were not.	Some reports were presented but the House did not debate on them
4. Private Members' Motions	A total of 4 motions were approved by the Business Committee and all of them debated and adopted by the House.	<ul style="list-style-type: none"> <li>- motion on crossing the flow;</li> <li>- motion to impeach the president;</li> <li>- motion to remove the Clerk of Parliament from her position;</li> <li>- motion to establish a Parliamentary Committee on HIV/AIDS.</li> </ul>
5. Confirmation of Public Appointments	2 public appointments were received for confirmation and both of them were confirmed by the whole House.	Auditor General and the Chief Justice
6. Determination by the Speaker on petition by political parties on Section 65 of the Constitution	The matter was not concluded	The matter is before the courts of law. Injunction was issued restraining the Speaker from acting on the petitions.

## Appendix 2

Table 2 – Summary on status of business for the last two meetings of the 40<sup>th</sup> Session

Business that was received (100%)	Total (100%)	Finished business	Finished business as % of the total	Unfinished business	Unfinished business as % of the total
1. State of the Nation Address	2	2	100	Nil	Nil
2. Bills	22	13	59	9	41
3. The 2008/09 Budget Estimates	1	1	100	None	None
4. Questions	181	79	44	102	56
5. Committee Reports	13	6	46	7	54
6. Private Members' Motions	4	4	100	None	None
7. Confirmation of Public Appointments	2	2	100	None	None
8. Section 65 of the Constitution	Various petitions	None	None	All unresolved	100
<b>Average</b>			<b>68.6</b>		<b>31.4</b>







Word - Concept	Part (1, 2, 3 or 4)	Page
Checks and balances on the Executive	1	20
Chief Whip	1	3
Chitipa – Karonga Road	4	4
Clinton-Hunter Foundation	2	14
Commerce Committee	1	11
Committee of Supply	2	27
Committee System	4	2
Community Day Secondary Schools (CDSSs) (Vote 250)	2	35
Confirmation of Auditor General (rejected)	3	2
Constituency Development Fund	1	30
Constituency Development Fund	2	6
Constituency Development Fund	2	14
Constituency Infrastructural Development	1	23
Constitution (Amendment) (Bill N° 1 of 2005) (failed to be tabled)	1	17
Corruption	1	30
Corruption	2	18
Councillors	1	14
Coupon System	2	24
Crime rate	1	4
Customs and Excise Measures	2	17
Customs and Excise Measures	2	20
Customs Procedure Codes	2	17
Dams' Construction (Perspectives of the 2006/2007 Budget)	2	11
Debt Cancellation	2	26
Decentralization	2	6
Department of Science and Technology (Vote 095)	2	31
Distribution of Maize Mills (Not presented Statement)	1	15
Economic Management	4	3
Economic Strategy	4	5
Economy	2	6
Education	2	15
Education	4	8
Education	4	10
Education	4	13
Electoral Commission	1	14
Electoral Commission	2	41
Elevation of Zomba Municipality to City (Private Member Motion)	2	45

Word - Concept	Part (1, 2, 3 or 4)	Page
Energy	2	5
Energy	2	14
Energy	4	7
Expenditure Estimates in 2006/2007	2	12
Fertilizer (Universal subsidy on)	1	5
Fertilizer Subsidy	2	13
Fertilizer Subsidy	4	9
Fertilizer Subsidy Programme	2	9
Fertilizer Subsidy Programme	2	26
Fertilizer Subsidy Programme	2	34
Finance Intelligent Unit (Vote 279)	4	20
Fines (Conversion) (Bill N° 5 of 2005) (failed to be tabled)	1	17
Fiscal Discipline	4	3
Fiscal Performance	4	6
Fiscal Performance under the 2005/2006 Budget	2	9
Food deficit	1	5
Food Security Programme (Perspectives of the 2006/2007 Budget)	2	11
Fuel Levy on petrol and diesel	2	18
General Debate on Budget Statement	4	14
Governance	2	6
Governance	2	7
Governance	2	18
Governance	2	25
Health	2	15
Health	4	8
Health	4	10
Health	4	13
Highly Indebted Poor Countries (HIPC)	2	8
HIV / AIDS	2	15
HIV / AIDS	4	5
HIV / AIDS	4	13
HIV / AIDS	4	14
HIV / AIDS	4	15
HIV/AIDS and National AIDS Commission (Vote 094)	2	30
Home Affairs (Ministerial Statement)	1	14
Hunger Crisis	2	8
Hunger Crisis (Private Member's Motion)	1	22

Word - Concept	Part (1, 2, 3 or 4)	Page
Hunger/Food Situation	1	32
Impeachment Procedures (Legal Affairs Committee Report)	1	20
Impeachment Process	1	26
Income Tax	2	15
Income Tax	4	8
Industry and Trade	4	4
Inflation	4	11
Inflation in 2007/2007 (Average)	2	26
Inflation Rate	2	8
Infrastructure	2	13
Infrastructure Development	4	10
Inspector General (Confirmation of) (Government motion)	2	43
Inspector General (Mary Nangwale)	1	3
Integrated Rural Development	2	5
Integrated Rural Development	4	4/5
International Development Association – Irrigation, Rural Livelihoods and Agriculture Development Project (Bill N° 1 of 2006)	1	30/31
International Development Association (Education Sector Support Project) Loan (Bill N° 22 of 2004)	1	16
International Development Association (Health Sector Support Project) Loan (Bill N° 6 of 2005)	1	16
International Development Association (Health Sector Support Project) (Amendment) (Bill N° 8 of 2006)	2	42
International Development Association (Infrastructure Service project) (Bill N° 12 of 2006)	2	42
International Monitoring Fund (IMF)	2	8
Investigation into the Operations and Management of the Credit Scheme (Public Accounts Committee Report)	1	22
Irrigation and Water Development	2	4
Irrigation and Water Development	2	6
Irrigation and Water Development	4	3/4
Irrigation and Water Development	4	7
Irrigation and Water Development	4	10
Judiciary (Vote 070)	2	28
Kamuzu Day (to be reintroduced)	3	4
Karonga – Chitipa Road	1	14
Karonga – Chitipa Road	2	27
Legal Affairs Committee	1	12

Word - Concept	Part (1, 2, 3 or 4)	Page
Legal Education and Practitioner's Amendment Act (Private Member's Motion)	1	23
Loan Fund (Five Billion Kwacha)	1	8
Local Assemblies' Status (Ministerial Statement)	1	14
Local Authorities (Vote 121)	2	33
Local Government and Rural Development (Ministry)	4	17
Local Government Elections	1	30
Local Government Elections (Private Member Motion)	2	44
Macadamia Nuts	4	4
Maize (importation of)	1	5
Maize Transactions	2	9
Malawi Defence Force (Vote 100)	2	32
Malawi Defense Force	4	16
Malawi Growth and Development Strategy (MGDS)	4	3
Malawi Hunger Free Nation	4	3
Malawi Inspectorate of Prisons – Fifth Annual report (Not presented)	1	18
Malawi National Assembly (General considerations)	4	2
Malawi Police Service (Vote 341)	2	38
Malawi Police Services (Vote 314)	4	21
Malawi Poverty Reduction Strategy Paper (MPSRP)	1	4
Malawi Prisons (Vote 342)	4	21
Malawi Rural Development Fund (MARDEF)	1	8
Malawi Rural Electrification Programme (MAREP)	2	14
Malawi Savings Bank	1	8
Mangochi – Ntaja Road	1	14
Medical Equipment Stolen	1	17
Mid Term Budget Review and Supplementary Budget	3	2
Midterm review of 2004/2005 Budget	1	5
Mid-Year Review of 2005-2006 Budget	1	31
Mines Department (Vote 472)	2	41
Minimum Turnover Tax	2	16
Ministry of Agriculture and Food Security (Vote 190)	2	33
Ministry of Education and Vocational Training (Vote 250)	2	35
Ministry of Lands, Housing and Surveys (Vote 130)	2	33
Ministry of Local Government and Rural development (Vote 120)	2	32
Money Laundering and Proceeds of Serious crimes (Bill N° 18 of 2004) (failed to be tabled)	1	17
Money Laundering Bill	1	31

Word - Concept	Part (1, 2, 3 or 4)	Page
Money Laundering Proceeds of Serious Crime and Terrorist Financing (Bill N° 11 of 2006)	2	42
Mzuzu University	2	15
Nangwale Mary (Inspector General)	1	3
National Assembly (adjourns prematurely)	3	5
National Assembly (Vote 080)	2	29
National Audit Office (Vote 060)	2	28
National Governing Council	1	21
National Statistical Office	4	16
Nutrition	4	5
Office of the President and Cabinet (Vote 090)	2	30
Ombudsman	2	42
OPEC Fund for International Development (Bill N° 4 of 2005)	1	16
Order paper	1	10
Other Recurrent Transaction (ORT) allocation	2	18
Overcrowding in the prisons (Vote 342)	2	39
Paramount Chiefs	4	5
Parliamentary Committee on Budget and Finance	4	11
Penal Code (Amendment) (Bill N° 3 of 2005) (failed to be tabled)	1	17
Pensions Reform (Perspectives of the 2006/2007 Budget)	2	10
Pensions Reforms	2	20
Perceptions that the application of zero tolerance on corruption is selective and targeted specifically to members of the Opposition	1	30
Police (Behaviour during public demonstration)	1	13
Police (Inspector General)	1	3
Political Instability	2	18
Prevention of Domestic Violence (Bill N° 5 of 2006)	1	31
Pro-Poor expenditures	4	9
Public Account Committee Report	1	25
Public Accounts Committee Report	1	32
Public Accounts Committee Report on the Investigation into the Operations and Management of the Credit Scheme	1	22
Public Affairs Committee (PAC)	1	21
Public Finance Management (Amendment) (Bill N° 18 of 2006)	2	42
Public Works Programme (Perspectives of the 2006/2007 Budget)	2	12
Purchase of Surplus maize (Perspectives of the 2006/2007 Budget)	2	11
Report of the Auditor General for the Year ended 30 <sup>th</sup> June, 2002 (Not presented)	1	18

Word - Concept	Part (1, 2, 3 or 4)	Page
Report of the Auditor General for the Year ended 30 <sup>th</sup> June, 2003 (Not presented)	1	18
Report of the Health and Population Committee for the Period November 2004 to March 2005 (Not presented)	1	18
Report of the Legal Affairs Committee for the Period September 2004 to February 2005 (Not presented)	1	18
Reserve Bank Governor	1	8
Revenue and Grants in 2006/2007	2	12
Road Carnage (Concern on)	1	23
Road Network	2	22
Road Zomba – Jali – Phalombe - Chitakale	1	16
Roads	4	7
Roads Authority (Bill N° 19 of 2005)	1	31
Roads Fund Administration (Bill N° 20 of 2005)	1	31
Rollover Relief	2	16
Rural Development	2	14
Rural Development	4	7
Rural Development	4	10
SADC Trade Agreement	2	17
Section 154 (2)	1	3
Section 65	1	6
Section 65	4	4
Section 65 (1) (Crossing the floor)	1	27
Section 65 (1) (Crossing the floor)	1	29
Securities (Bill N° 2 of 2005) (failed to be tabled)	1	17
Shire / Zambezi waterway	1	30
Shire/Zambezi Waterway	2	13/14
Social Sector	2	15
Social Sector	4	7
Spices	4	4
Standing Order (Section 181)	1	22
Standing Order (Sections 111 and 112)	1	7
State Address "Living Together in Peace and Harmony"	1	29
State Residences	4	15
State Residences (Vote 050)	2	28
Status of Local Assemblies (Ministerial Statement)	1	14
"Strangers" Case	1	12
Subsidy on fertilizer	1	5

Word - Concept	Part (1, 2, 3 or 4)	Page
Taiwan Government	1	12/13
Targeted Fertilizer Subsidy	1	22
Tarmac Road between Chitipa and Karonga	1	12
Tax Measures for the 2006/2007 Budget	2	15
Taxation	4	8
Taxation of Mining Activities	2	16
Taxation on Tobacco	4	8
Technical colleges	1	11
Thyolo – Bangula Road Project (Bill N° 4 of 2006)	2	42
Thyolo District Hospital	1	10
Titanium	2	41
Tobacco Auction floors	1	13/14
Tobacco Prices (Ministerial Statement)	1	13
Traditional Leaders	4	5
Transparency in the disbursements of MARDEF loans/funds	1	30
Transparency in the tendering for the National Identity Cards / Registration Program	1	30
Transport and Communication Infrastructure	2	4
Transport and Communication Infrastructure	4	4
Transport and Public Works	2	6
Transport Sector (Ministerial Statement)	1	12
Universal Fertilizer Subsidy	1	22
University of Technology and Science	2	15
Value Added Tax (VAT)	4	8
VAT Measures	2	16
Youth Participation (Private Member Motion)	2	45
Zomba – Jali – Chitakale Road Project (Bill N° 9 of 2006)	2	42
Zomba (Elevation of Municipality to City - Private Member Motion)	2	45