FINANCIAL BUDGET 1961/62

[The Speaker]
anyone remains dissatisfied it will be open to him to move a Motion on the subject.

COMMITTEE OF WAYS AND MEANS

Order for Committee read.

MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

The Minister for Finance and Development (Mr. MacKenzie): Mr. Speaker, Sir, I beg to move that Mr. Speaker do now leave the Chair.

The House is already in posession of the Estimates of Expenditure for 1961/62, and of the Economic Survey for 1961. I now present to the Council the Estimates of Revenue for the year ending 30th June, 1962, together with the Financial Statement.

I would like at this stage to express my appreciation to the Permanent Secretary to the Treasury and to all those officers of the Treasury and of the other departments of Government responsible for the production of the Estimates and the accompanying documents. This is no mere formality. At all times the production of estimates involves all concerned in long and anxious weeks and even months of work. In many cases this begins almost as soon as the Estimates for the previous year have been approved and it reaches a crescendo during the two or three months before Budget Day. There are always special problems which necessitate the redoing of much which appeared to be complete. This year, for example, it was necessary at a very late date to make a number of adjustments in ministerial portfolios. It was also necessary not much earlier to incorporate changes due to the acceptance of the Report of the Flemming Commission on salaries. This affected almost every personal emoluments item. As usual a great burden and responsibility has been laid on the Government Printer and his staff and as usual they have delivered the goods with their customary courtesy, enthusiasm and efficiency.

Much work, both in connexion with the Estimates and the Economic Survey has been undertaken by the Economic Research Division and the Kenya unit of the East African Statistical Department both of which will shortly be incorporated in the development, economics and statistical department of the Treasury. The Economic Survey follows the same pattern as did that for 1960. It contains a clear and readable account of our economic progress during the past year and of the prospects for the future. Its production is of the greatest value both to me and to Members of this House since it relieves me of the necessity of delivering a lengthy discourse on economic matters, and relieves them of the even greater tedium of listening to me.

I shall first deal with the out-turn for the current year. The Financial Statement shows that on 30th June, 1960, we had a surplus of £1,922,000 on Recurrent Account supplemented by a balance of £1,220,000 in Tax Reserve Certificates and offset by a deficit of £3,968,000 on Development Account. This left us with an overall exchequer deficit of approximately £800,000 which was financed in the normal way by short-term borrowings and the balances held in the Paymaster-General's account.

The original Estimates for 1960/61 envisaged expenditure of just over £32 million. The revised total, which includes provision for the payment of salaries revision as from April, 1960, is £34 million—excluding that part of the back-dated salaries award which will be paid by Her Majesty's Government, and also excluding Her Majesty's Government's assistance towards the salaries and passages of designated officers for the period 1st April to 30th June this year. On past performance, underspending may well reduce actual expenditure to about £33.8 million. The total amount of the increase over the original Estimates is more than fully accounted for by the cost of salaries revision, and the supplementary estimates which have already been issued to Members give details of the savings which have been made in the various Votes.

The original revenue estimate was £32¼ million, and we now believe that there will be a revenue shortfall of about £3 million, leaving us with a total of a little over £29 million. I should perhaps mention here that this figure of £29 million relates to receipts into the Exchequer after the Commissioner of Customs had deducted £420,000 which he overpaid us last year. As was explained to the Council by my hon. friend, the Permanent Secretary to the Treasury, on 26th October last, this overpayment was not due to the Commissioner of Customs having done his sums wrongly, but to unusually large transfers of goods from Kenya to the other East African territories in May and June, 1960. The main reason for this shortfall—about which the Council has been warned on several occasions since October last year—is a fall in the level of imports, with a consequent fall in revenue from import duty. There will also be a shortfall of about £500,000

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in collections of income tax. After financing the salaries increase, we are faced with a current deficit of some £4½ million. Nearly £2 million of this will be financed from the surplus brought forward from last year, and the balance by grant-in-aid from Her Majesty's Government.

On Development Account we had a deficit of just under £4 million at 30th June, 1960. Our revised estimates indicate that issues from the Exchequer in 1960/61 will be about £9.8 million against receipts of about £8.8 million, bringing the total deficit at 30th June, 1961, to about £5 million. Generally, the development pattern has followed that envisaged in the Estimates—certain savings due to underspending being offset by the need to find some £200,000 for the settlement schemes, and the probable need to find money to assist the building society movement.

The building societies are financial institutions which play a most important part in our economy, and they—like other financial institutions—have been going through a difficult time. It was, however, possible to arrange last year that assistance should be given in the form of loans from the Colonial Development Corporation. It was also agreed at that time that the Kenya Government would, if necessary, participate to the extent of some £500,000. The Government has not yet been called upon to provide the whole of this amount, and the situation has improved since this loan was negotiated. It is hoped that two of our main building societies will not require any further assistance after 30th June, and there is reason to hope that the third society will also have stabilized its position by then. It is not possible to give an accurate figure of actual issues from the Development Exchequer this year until the amount of assistance which the Kenya Government will provide has been finally fixed. The amount of any assistance from the Kenya Government will be included in the next development supplementary estimate, and a full commercial rate of interest will be charged on any amount lent by the Government.

The 1960/61 Development Estimates forecast that the deficit in the Development Exchequer at 30th June, 1961, would be about £4.7 million. As I have explained, the deficit is likely to be slightly higher, and will be covered from the balance of a little over £1 million held in Tax Reserve Certificates; from the cash held in the Paymaster-General's account; and by short-term borrowing from the Joint Colonial Fund and other sources.

The overall financial position reflects the paradoxes of the economy. As the Economic Survey shows 1960 was far from being a year of economic recession for Kenya. Output was buoyant. The estimated money value of the gross domestic product in 1960 was higher than ever before. In the recorded monetary economy the increase was from £162 million in 1959 to £174 million in 1960—a rise of 7 per cent. Against this, however, the largely subsistence activities outside the recorded monetary economy are estimated to have suffered a severe loss of output as a result of the prolonged drought, so that combining monetary and non-monetary production, the rise in output was only some 4 per cent and as some of this was due to higher prices and the population increased the real output per head in 1960 was probably about the same as in 1959.

The increase in total output was accompanied by a rise of 4 per cent in employment as compared with 1959, and the number of persons recorded in employment in mid-1960 was, at the record level of 622,000. There was also a general increase in average earnings. For Africans in employment this amounted to some 7 to 8 per cent and since consumer prices did not rise to any marked extent to offset this their real purchasing power rose almost as much.

In agriculture the increase in gross cash farm revenue from £42.3 million to £47.5 million was as much as 12 per cent, higher than that for the rest of the economy. Nearly £4 million of the increase came from the scheduled areas where, despite everything, investment was maintained. The balance of £1.3 million came from African farms. The rate of increase on the African farms was slightly above the average but non-African farms and estates still accounted for 80 per cent of total cash revenue. Nature imposes a limit on the rate at which changes in the pattern of production can be brought about. Government investment in peasant agriculture and the efforts of African farmers themselves are bearing fruit in steadily increasing cash production and incomes. But the output of non-African farms and estates operating with modern techniques is still an indispensable part of the economy which, without their contribution, would sink to a level at which we could no longer support our present services.

Four main export crops, together provided two-thirds of our exports last year. Export proceeds of coffee in the calendar year were only 3 per cent lower than in 1959. Although export prices were nearly 10 per cent lower on average the increase in the tonnage shipped was nearly sufficient to make up for this drop. The current season's record crop will be reflected in 1961 exports and the increase in quantity should be sufficient to maintain our export earnings in

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spite of lower prices resulting in part from the adverse effect of the weather on quality. The other staple exports, tea, sisal and pyrethrum, were all produced in record quantities and commanded good prices. The f.o.b. average price of tea was up 8 per cent, sisal 18 per cent and pyrethrum extract 3 per cent.

All in all, our exports in 1960 achieved a record figure of £35.2 million. Imports were also at a high level for the year due to a very high rate of arrivals in the first six months, when merchants were replenishing their stocks, encouraged by the optimistic conditions prevailing in the latter part of 1959. By mid-year, however, the mood had changed and importers began to cut their purchases with the result that net commercial imports in the second half-year amounted to £30 million, compared with over £35 million in the first half-year. I have already noted the revenue implications.

Elsewhere in the private sector output did not show as big an increase as in agriculture, but some increase was general. The transport and distributive trades benefited directly from the greater quantity of agricultural produce handled for export and the home market, the high volume of imports and the steady increase in the popularity of air transport. As I have already pointed out, however, imports fell off markedly in the course of the year. Both consumers and business concerns continued to hold back on non-essential purchases with the result that traders were not enjoying as much prosperity at the end as at the beginning of the year, and there was an ominous increase in the number of bankruptcies. Most branches of manufacturing industry maintained or increased their output and a limited number of new industries was started.

In spite of falling revenues the level of Government expenditure both on recurrent and capital account has been maintained and increased, thanks to the assistance of various kinds afforded by the United Kingdom Government. In this way Government continued to play a vital part in bolstering the economy when other sections of the community were holding back.

The one major industry which did not share at all in the expansion was the building and associated trades. Had it not been for the high level of public works contracts, the industry would have experienced a contraction for the second year running, since work done for private clients fell sharply. The fortunes of the building industry are very largely bound up with the decisions of businessmen and individuals to undertake capital expenditure on new factories, offices, shops and houses. The prevailing lack of confidence has caused the cancellation or postponement of capital programmes for business expansion and considering its effect on future output this was the most disturbing development of the past year.

Nonetheless the preliminary figures indicate that gross capital formation in Kenya in 1960, i.e. including capital expenditure to cover replacement as well as expansion, totalled approximately £41 million. This was a little higher than in 1958 and 1959 though substantially less than in 1956 and 1957. The public sector contribution to the total was very little changed; and there was actually an increase in total capital expenditure by the private sector from £26.7 million to £27.2 million. A slight increase is not, of course, enough. A return to a rapidly rising trend of private capital expenditure is essential if the potential of the economy is to be realized, if the unemployed and under-employed are to be absorbed into productive activities and if the man in the street and on the farm is to have the opportunity for a fuller life. The Government is determined to establish conditions in which these opportunities can be realized. All the indications are that the industrial countries of the western world are set fair to enter a new phase of expansion which must mean an increasing demand for foodstuffs and other raw materials which Kenya is able to produce. The recent drought may limit Kenya's ability to meet entirely the potential demand for her products, but even allowing for this there is no reason why production and incomes should not continue to expand in the current year and new records be established. The immediate and long-term economic outlook for Kenya can be bright and there is nothing basically wrong with our economy. The recession, through which we are at present passing, is induced by political factors not only operating within Kenya but prevalent in much of Africa. We can do little to correct the position beyond our borders. For this reason alone we should not expect recovery to come overnight. But although confidence is lost much more easily than it is regained, there is much that the people of Kenya can do to restore it if they will. This Government certainly proposes to rectify the situation by working for stability and thus creating those conditions which will encourage enterprise and investment, on which the country's prosperity has, in the past, been based and on which progress in the future must depend.

Before going on to deal with our expenditure proposals for 1961/62 I must mention one matter to which I referred last year and which I have

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mentioned on a number of subsequent occasions. This is the rumour which was first circulated early last year and which, despite repeated denials and the evidence of the record, has been assiduously spread ever since, that the Government was proposing to impose exchange control or to devalue the shilling or both. Its latest form was that exchange control would be imposed as a budget measure. Let me say now quite clearly that it will not. We have no intention of imposing exchange control or of devaluing the shilling now or in the future. I do not know who starts these rumours which are malicious in the extreme. I can only guess that it is someone who stands to gain by creating a panic and getting people to sell assets at much less than their true value. I only hope that if in spite of what I have just said, they start up again people will consult me before taking hasty action and inflicting immediate loss on themselves, their neighbours and the country generally.

Before leaving this subject I would like to make the Governments' position clear in respect of one further point. I understand that there have been rumours of discrimination in the terms offered to capital coming from overseas as compared with that invested by local people. I can say quite categorically that the Government has no such intention.

Our currency remains as strong as ever and the Currency Board holds assets, the greater part of them in sterling, to a value exceeding 100 per cent of the currency in circulation. The corrective action which the banks took last year has nad the desired effect and their liquidity position has improved.

I now turn to the development programme. First, a little about planning techniques and administrative arrangements for planning.

The Government already has a well-established planning technique for the public sector covering three-year periods, and our experience suggests that any longer period than this is unrealistic where concrete proposals for the expenditure of public finance are concerned. Under the Ministerial system a committee of the Council of Ministers rather than an independent planning commission is the appropriate body to be responsible for development. As a matter of interest the House may wish to know that the Tanganyika Government has now established a development committee under the chairmanship of the Minister for Finance on lines similar to Kenya and the Tanganyika International Bank Mission has especially welcomed and approved this step.

I am not, however, complacent about our planning organization and techniques. The Government has asked that the International Bank should be invited to send a mission to carry out a comprehensive economic survey of Kenya later this year and the mission will be specifically asked, and I quote here, "To make recommendations to assist the Government in development planning". In anticipation of this, however, I propose this year to take several steps to strengthen the planning and development organization within the Treasury. I have already mentioned the new development, economic and statistical department of the Treasury. I am arranging for this to be the particular responsibility of my hon. friend, the Parliamentary Secretary, who will, I hope, pay special attention to certain aspects of external financial and technical assistance. At the official level this side will be under the general control of the Deputy Permanent Secretary. In addition to administrative staff it will, following the reorganization of the East African Statistical Services, include the Kenya unit, on which we depend for our economic data, which will move into the Treasury and together with the existing economic staff of the Treasury and the market research staff at present in the Ministry of Agriculture, will constitute the new Economics and Statistics Division.

Among the possibilities which I hope to explore in the public sector is that of adopting a "rolling" technique under which our planning will always be looking two or three years ahead. There are some definite advantages in always having a three-year horizon, particularly when international sources of finance have to be approached.

I hope also that we may find ways of co-ordinating more closely planning targets for the economy as a whole. In a free economy it would be presumptuous for the Government to attempt to plan the private sector. But there may be advantages in setting targets for the economy as a whole and I intend to discuss the advisability of this kind of approach with the International Bank Mission.

The printed Development Estimates for 1961/62 provide for the expenditure of £11,712,296 which is already the biggest total ever presented in the history of the Colony. The problem of financing a programme of this size is a formidable one. A month ago, when I left London, I felt that to provide so much was almost an act of faith. Since then, however, a delegation of my colleagues, led by my hon. friend, the Leader of Government Business, has had further discussions with Her Majesty's Government. Their efforts have been most successful. Thanks to them,

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and to the generosity of Her Majesty's Government, I can now firmly state that not only will this expenditure be financed but that it will be surpassed. Further, we shall receive an additional subvention towards our recurrent expenditure, to which I shall refer again at the appropriate stage. I should now like to express my own thanks to my colleagues and to congratulate them on what they have achieved. I am sure that this is something for which they also deserve the grateful thanks of all the people of Kenya.

Certain details of the additional projects which we shall be able to undertake with the new funds secured by that mission still remain to be worked out. They will, however, include labour intensive development projects which, together with the more vigorous prosecution of our land settlement and general agricultural programme will both intensify our economic progress and foster employment.

The figure of over £11½ million for expenditure next year includes two important new projects which were not included in the published development programme—localization and training, and agricultural settlement schemes.

It is proposed to tackle the problem of localization of the Civil Service on three fronts. In the first place, the common service administration, executive, and clerical cadres are to be catered for by an institute of administration which will be established at Kabete, and courses at local institutions. Secondly, departmental grades are to be catered for by "on-the-job training" and 23 departmental schemes have so far been approved and a number of others are under examination. Finally, the localization of the professional and technical grades will be assisted through scholarships at local and overseas institutions. In the first year gross expenditure on each of these three fronts, including capital expenditure and the cost of supernumerary posts for trainees and for reliefs will be as follows:—

	£
(1) Common service cadres ..	292,722
(2) Departmental localization schemes	196,203
(3) Professional and technical training	95,000
	£584,425

The provision made for agricultural settlement schemes is £2,808,220. This will, I hope, enable 75,000 acres to be settled during the year—quite a formidable proposition both agriculturally and administratively. It is intended that the expenditure on agricultural settlement schemes will be financed by a combination of United Kingdom Exchequer loans, a Colonial Development and Welfare grant, and loans from the World Bank and the Colonial Development Corporation, and the Council will be asked in this session to approve legislation for loans totalling £4½ million from the World Bank and the Colonial Development Corporation. We have been extremely fortunate in that both these institutions have shown deep understanding of our problems and I should like to pay tribute at this point to the co-operation and help which they both gave in our recent negotiations. I should also like to pay a personal tribute to the National Member, Col. Bruce McKenzie, for the important part which he played both in the formulation of the schemes and in helping to secure the finance.

In addition to the projects in the Estimates, it is expected that during the year £1½ million will be spent on the contractor-finance road programme, and arrangements are also being made for a contractor-financed scheme of some £300,000 for the extension of the Nairobi Airport runway.

Finally, a word of warning on development. The net increase in the public debt arising from this year's loan programme including contractor-finance will be of the order of £660,000 per annum in interest and redemption payments. With charges of this order to carry it is essential that development loans should be devoted mainly to the most immediately productive uses, and the greater part of the expenditure in the Estimates is to be devoted to economic services. Given stable political conditions I am confident that the growth of the economy will enable this debt to be carried. The success of the Government's past development plans is strikingly illustrated by the 7 per cent increase in the monetary contribution towards the gross national product and in particular by the annual increase of over £1 million in cash sales from African farms.

An additional problem which is now facing us for the first time is that of repaying or converting our first large local loan of £2,925,000 issued at 4 per cent in 1954. The terms of the conversion offer have already been announced, and are attractive, and I have every confidence that the conversion of this loan will be successful. It is, however, an indication of the increasing costs of development that we are now having to offer terms nearly twice as favourable as those on which we could raise money seven years ago.

In this connexion the current level of interest rates has caused me to consider whether or not I should raise the rate of interest on future issues of Tax Reserve Certificates. I have decided that

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Tax Reserve Certificates purchased after today should earn interest at the rate of 4 per cent tax free with effect from 1st June, and trust that this will encourage both individuals and companies to use this form of saving towards their future tax liabilities.

I should, I think, make it clear that certificates issued before today will continue to earn interest at 3 per cent. It would be quite wrong for the Government to amend the rate of interest on a certificate already issued, just as it would be quite wrong to amend the rate of interest on a stock issue during the life of that issue.

Recurrent expenditure in 1961/62 is estimated at £33,711,938 as compared with a revised estimate of £34 million in 1960/61 showing an apparent net decrease of nearly £300,000. This year total recurrent expenditure is divided into two parts. Voted expenditure—that is the provision which this House will be asked to vote in the Appropriation Bill—amounts to a little under £29½ million. Consolidated Fund services, which at present include only the public debt, amount to a little over £4¼ million. As Members will remember, the Nations Loans Ordinance, 1960, made all public debt services a direct charge on the Consolidated Fund, thus recognizing that the public debt is a first charge on the country's revenues, which are appropriated for this purpose in the original Ordinances authorizing the raising of any debt.

The total estimate of Consolidated Fund services exceeds the 1960/61 net provision for public debt by over £1,400,000. Although the cost of raising money has increased very considerably during the past year, not only in Kenya but throughout Africa, I am happy to state that the whole of this increase does not constitute a new charge on the taxpayer. Some £740,000 will be offset by increased revenue from interest and redemption part of which was formerly appropriated-in-aid of the public debt Vote. The position is fully explained in the appendix to the Estimates dealing with the public debt which shows that the total additional expenditure required to service debt already raised and to be raised before 30th June, 1962, is estimated at £661,000.

On a comparable basis—that is, after excluding public debt from the 1960/61 provision—the total sum to be voted in 1961/62 is a little under £29½ million which is £1½ million less than this year's revised estimate. The reduction is more apparent than real. There would be an increase but for the fact that in the coming year Her Majesty's Government will be meeting the whole cost of the overseas addition and passages paid to expatriate officers of the Government. This is about £2¼ million. In 1960/61 they will merely meet the difference between inducement pay and overseas addition which is only about £1 million for the period 1st April, 1960, to 31st March, 1961, plus the whole of the overseas addition for the last three months of the financial year.

The increase in expenditure would be substanstial but for savings attributable to the vigorous action taken by the Government to meet the situation brought about as a result of our falling revenues. The House will remember that I foreshadowed the need for such action in December. Although we were informed early this year that Her Majesty's Government would assist generously in seeing Kenya through a difficult financial period, the Government considered that it was encumbent on us to do all we could to meet the situation by making the maximum economies consistent with maintaining and, where necessary, expanding the essential services of the community. For example, the net provision for education included in the Estimates is £6,800,000. This is nearly £650,000 more than the current year's estimate and over £1½ million more than actual expenditure in 1959/60. The increase in the gross provision for this service is even more spectacular. Thanks, however, to the success of the recent delegation even this is not all. In recognition of the importance of this service to the future development of our country Her Majesty's Government have made available an extra £250,000 which will make it possible for us to push our educational development ahead even more rapidly than we had hoped.

Hon. Members will have noted that the total provision under Head 14 for contributions to the cost of the High Commission services is only some £4,000 greater than the estimate for 1960/61. The real increase is more considerable since £46,000, being the cost of the Kenya unit of the Statistical Organization has been transferred to Vote 11, Treasury. That, incidentally, explains most of the unusually large increase in that Vote. It has, however, been necessary in framing the Estimates to take account of the recommendations of the Raisman Commission. If these are implemented—and this is essential if we are to maintain the East African Common Market—the cost to Kenya will be some £600,000—£700,000 which would otherwise have been available to help in closing the gap between expenditure and revenue at the existing rates. Finally, there were the £661,000 additional debt charges which, though they have not to be voted with the Estimates, have still to be met.

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When I come to the revenue position, I shall show that after taking these commitments, or probable commitments, into account, we would at existing rates of taxation probably be faced by a deficit in 1961/62 of over £4 million. As the House is aware, some of this will be met by a grant-in-aid from Her Majesty's Government, the balance could only be met in two ways, either by further economies or through taxation.

I need hardly say that our taxable capacity is not unlimited. As regards assistance from the United Kingdom, the Government believes that while it is proper to accept a grant towards recurrent expenditure to meet an exceptional occasion such as the present revenue shortfall we should always do our best to meet our normal household expenses from our own income. Not only does the receipt of a grant-in-aid impose certain important obligations on the recipient—the main one in our case being that these Estimates and any important supplementary estimates must, in accordance with the normal arrangements for the provision of grant-in-aid be finally agreed with Her Majesty's Government. More important, however, is the fact that sooner or later it will be necessary for us to stand on our own feet. In addition to the grant-in-aid the British Government is meeting some £1½ million expenditure which would otherwise have to be spent on our armed forces. They are paying about £2¾ million towards the overseas allowances, education allowances and passages of expatriate officers without whom the services on which so many of our hopes now and in the future must depend, would collapse. They are providing us with loans for development and settlement on terms much more attractive than anything we could hope to obtain on our own. Other loans are the subject of Her Majesty's Government's guarantee. Finally we are receiving substantial Colonial Development and Welfare grants. The total in the United Kingdom financial year 1961/62, will be at least £18½ million from the Exchequer plus not less than £2 million in guarantees. We hope that as a result of the policies being pursued by the present Government and through the good sense of all our people there will be a rapid economic recovery which will once more enable us to pay our way. It would, however, be disastrous and inconsistent with our aspirations towards independence to allow the gap between recurrent revenue and recurrent expenditure to become so great that a newly independent Kenya would have the choice of remaining indefinitely as a pensioner of the United Kingdom, of soliciting the aid of other possibly less disinterested powers, or of destroying most of the services which have been so laboriously built up in the past. I believe, therefore, that the Government was right to insist that as a first measure of self-help we should undertake a vigorous economy campaign. If I may add a personal belief it is that however rapidly Kenya may recover she must, as a condition of further progress, always continue to conduct her affairs in a spirit of vigorous and constructive economy. That too the Government intends to do.

The details of individual Votes are covered in the memorandum notes on the Estimates. I do not need to weary the House with a dissertation on them at this stage. There will be plenty of opportunity to discuss them in Committee of Supply. I propose, therefore, to go straight on to deal with revenue.

The revenue shortfall in 1960/61 was due to lack of confidence not only in Kenya but in Africa generally. I have given some reasons why we may look forward to a modest recovery in receipts from import duty during the coming year. It is, however, far easier to disturb confidence than to restore it. In the disturbed conditions of Africa investors will, naturally, tend to wait and see before deciding to invest further money. We shall, therefore, in my opinion, be deluding ourselves if we expect our recovery to be as dramatic as has been the recession. We—and by we I mean all the people of Kenya and not least those who represent these people in this House—are likely for some time to be on a form of probation so far as new investment is concerned. If we fail to rehabilitate ourselves rapidly the sufferers will be the ordinary people of this country. I believe that the people of Kenya will play their part. Since, however, we are dependent on the judgment of others who will judge us not only by what happens here but by what happens in the whole of Africa we must not be disappointed if, initially, progress is slow.

In a small, dependent economy like ours it is always difficult to estimate revenue. The task is even more difficult this year in the face of such paradoxes as the combination of an increased national income with a fall in the main sources of public revenue. Having considered all the available evidence, however, our best assessment is that at present levels of taxation revenue in 1961/62 is likely to be of the order of £30,500,000. As this figure includes £580,000 which was appropriated in aid of the public debt Vote in 1960/61 it is not directly comparable either with the original or the revised estimate for 1960/61.

I have reminded the House that the service of the public debt is always a first charge against

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the revenue. In 1961/62 this is a little over £4¼ million. Having provided for it we have about £26¼ million left to meet voted expenditure of £29½ million, leaving a deficit of some £3¼ million.

Unfortunately that is not all. If, as I believe we must, we accept the recommendations of the Raisman Report, we shall have to find a further £600,000 or £700,000. To be realistic we must, therefore, anticipate a shortfall of some £4 million in 1961/62.

Before discussing ways and means of meeting this deficit I should perhaps discuss the merits of accepting the onerous recommendation in the Raisman Report relating to our revenue. The Commissioners, after studying the evidence, rejected suggestions that as a result of the maintenance of the East African Common Market Tanganyika and Uganda have actually suffered losses of revenue. They said that while it is clear that the other Territories would have been better off if some of the development which has actually occurred in Kenya had occurred in them instead, it is improbable that the absence of the common market would have brought this about. They point out that any shift of activity into Kenya from the other territories has been trivial in relation to the growth of activity which they have in fact enjoyed. And they conclude that the result normally to be expected by the other territories from the growth of protected industry in Kenya (in spite of the penetration of the products into their home markets) is a gain rather than a loss of real income. The Commissioners reject the suggestion that Uganda or Tanganyika could, by setting up barriers within the common market, have gained more than they would have lost by the certain impoverishment in East Africa as a whole. They reject as unrealistic any simple calculation of the loss of revenue to the other territories to compensate for the gains enjoyed by that in which industry has developed under the protection of the common market. The furthest they will go is to say that the benefits derived by the territories has been unequal rather than any one of them has suffered an actual loss.

In these circumstances it could be argued that there is no case for the setting up of the proposed distributable pool within the common market area nor for changing, to the immediate detriment of Kenya, the present system of financing High Commission services. I myself believe that some change in the method of financing the High Commission is essential in any case since the present system is one of horse trading spiced by unintelligible formulae. I do not think that there is an ideal solution; but I believe that the recommendations represent a lowest common denominator on which agreement between the three territories can be obtained. These are also the sort of adjustments which are essential to any closer union of these territories. I believe, and I must stress that since the House has not yet had an opportunity to discuss the Raisman Report this must be regarded as an expression of personal belief, that the existing common market must be maintained, as a minimum. In the circumstances I believe that we should be prepared to accept the Raisman recommendations as a package. My budgetary calculations are based on the assumption that the House will agree with me in this view.

To return to my deficit the country knows that Her Majesty's Government is prepared to assist. It is, however, an essential mark of self-respect that before asking for assistance one does whatever one can in the way of self-help. I have already mentioned our economies. I now turn to the other side of the medal—to the tax measures which we consider necessary to cover some part of the increased cost of education, public debt, and basic Civil Service pay.

Many of the following proposals will be incorporated in the Finance Bill. The most important revenue measures will be covered by a provisional collection order which will come into effect at midnight tonight. This will also cover a number of protective measures with which I will deal briefly at this stage. Before doing so, however, I must ask that, in accordance with our normal practice, this Speech be taken as notice of Motion to Committee of Ways and Means for dealing with the measures I am now proposing.

For some time the East African Governments have been considering ways of protecting our local aluminium industry. It is now proposed to achieve this by increasing the duty on aluminium corrugated sheets, ridgings and getterings and on such aluminium sheet products as coils and circles to the general revenue rate. Flat aluminium sheets become dutiable at the assisted rate, and specific duties of cents 7 per square foot on all galvanized flat sheets and cents 15 per square foot on all corrugated sheets are being applied where these sheets are of .014 in. thickness and less. These specific duties should discourage the importation of thin sheets which have been found generally unsatisfactory in use. It is estimated that as a secondary effect these changes will produce additional revenue of £62,000.

At the same time the duty on asbestos sheets, gutterings and ridgings is to be raised to the

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general rate. This, as well as affording assistance to an important Uganda industry, should produce additional revenue of about £5,500.

Kenya can now produce its requirements of boxes and of many other packing materials locally. I propose, therefore, to impose duty at the assisted rate on wooden boxes, including tea-chests. I also propose to encourage the local production of corrugated cardboard, cartons, cardboard boxes and paper bags by admitting materials for their manufacture duty free and by applying the assisted rate of duty to those articles of this type which are being satisfactorily produced locally.

Manufacture of printing ink started in Kenya in September last. I am advised that in addition to providing excellent materials, valuable technical assistance is now readily available to the printing trade. To assist this industry certain printing and stencil inks will, in future, bear the general rate of duty with an alternative specific duty of cents 30 per lb. As some printing ink will still be imported the Exchequer will benefit to the tune of some £15,000. I am advised that the effect on the end cost of printing will be negligible. It will to a certain extent be offset by two small amendments designed to encourage the local printing of showcards and advertising pictures recommending local products.

For a long time a local firm has struggled to manufacture vernacular gramophone records in competition with various neighbours. All too frequently, however, the efforts of local artistes have been recorded on tapes which were then sent for processing elsewhere. I hope to correct this position by the imposition of a specific duty of Sh. 1 per record. The alternative *ad valorem* duty remains at the general rate.

Two final measures intended to stimulate local industry are, first the imposition of a specific duty of Sh. 3 per dozen, with an alternative *ad valorem* duty, on hand scrubbing brushes and boot brushes, and, secondly, an amendment to tariff item 175 which should encourage the local production of signs and nameplates.

As usual the opportunity has been taken to make a number of tariff amendments, largely of textual significance only, which are detailed in the Financial Statement.

I now turn to measures primarily designed to increase revenue. Hon. Members may have wondered why I have so far referred to assisted and general rates of duty, instead of to 11 per cent and 22 per cent. The reason is simple. After prolonged reflection, I have decided that the most equitable way in which to meet a major portion of the country's additional needs at a relatively small cost to the taxpayer is to make a small general increase in *ad valorem* duties. From midnight, therefore, the assisted rate of 11 per cent will be raised to 12½ per cent, the general rate of 22 per cent to 25 per cent, the protective and revenue rate of 30 per cent to 33⅓ per cent and the revenue rate of 60 per cent to 66⅔ per cent. In certain cases this has necessitated consequential increases in specific rates of duty. Details are contained in the Financial Statement. I calculate that this should bring a further £840,000 into the Exchequer in the course of a year.

A relatively small increase in the duty on goods in general use brings in the largest return to the revenue. For example, an impost of one cent per lb. on sugar yields just under £100,000. From midnight tonight the rate of customs duty will be raised by cents 5 per lb. to bring the total impost to cents 11 per lb. or Sh. 11 per cental. Excise duty will be similarly increased from Sh. 6/72 per hundredweight to Sh. 12/32 per hundredweight. This should produce between them £488,000. The retail price of sugar will rise from cents 57 per lb. to cents 62.

The item governing potable spirits has considerable resilience. I have, therefore, decided to raise the duty on such spirits as brandy, whisky, rum and gin from Sh. 145 per proof gallon to Sh. 160. This is equivalent to an increase of approximately Sh. 2 per bottle of the better-known brands of spirit, or just under 10 cents per tot. This measure should produce an additional £125,000 in a full year. As complementary measures, it is necessary to raise the duty on liqueurs, Tariff Item 28 (*b*), from Sh. 126 to Sh. 140 per imperial gallon, and the excise duty on spirits from Sh. 120 to Sh. 130 per proof gallon, with a consequential benefit to revenue of some £2,000.

My next four proposals in the field of customs and excise, while individually of little significance, will benefit the revenue by some £130,000. A new Tariff Item 69A for razor blades, imposing a duty of 2 cents per blade or 25 per cent *ad valorem*, whichever is the greater, should bring in a further £15,500. An increase from 11 per cent to 25 per cent in the rate of duty on imported paint should produce some £60,000 in revenue and benefit the local paint industry, which can already supply most of the territorial needs. An increase of 10 cents per lb. on tyres and tubes should give me a further £25,000. Finally, in this category, by imposing a duty of Sh. 10 per 7,200 matches, with a consequential increase in excise duty to Sh. 6/50 per 7,200, I should secure £33,000.

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At the present time the duty on kerosene in Kenya is 20 cents a gallon. In Uganda it is 40 cents. I am informed that one result of this differential has been a considerable amount of smuggling from Kenya into Uganda. As a further measure of interterritorial co-operation I now propose to close the gap by increasing the Kenya rate of duty to 40 cents a gallon. This will benefit the revenue by £80,000. Its effect on the end price of the product—2½ cents a pint—will be negligible.

The House will remember that last year we imposed import duty and consumption tax on light diesel oil used in road vehicles equal to that on petrol. We also made a small increase in the consumption tax on petrol. In spite of this the consumption of these products in 1960 increased by 3 per cent in the case of petrol and 12 per cent in that of gas oil. In these circumstances I feel justified in a further effort to balance our Budget in proposing a further increase of 10 cents a gallon in the customs duties on both these products. This is estimated to bring in £230,000.

In the same context I have given further consideration to the consumption tax which at present stands at 35 cents a gallon for both petrol and diesel oil. Without arguing the pros and cons of hypothetical revenue, I have always felt that an Authority which is in receipt of special sources of income designed to meet its expenditure should not also have to receive subventions from general revenue. With this in mind, no provision has been made in this year's Estimates for a special grant to the Road Authority. It has also been necessary, in view of the other demands on our general loan funds, to reduce the capital grant to the Road Authority. These two measures would cost that Authority £175,000 in a full year. It would be unfortunate if its important work, which has, of course, significant employment implications, were to be reduced accordingly. To avoid this I propose to increase the consumption tax on petrol only by 10 cents a gallon. This will furnish the Road Authority with a sum equal to the grants from general revenue which are being withdrawn.

These two measures will, between them, increase the cost of petrol by 20 cents a gallon and that of gas oil by 10 cents. This is less than a cent a mile in most cases. In terms of ton-mile for freight it is negligible. The total taxation on petrol will still only be Sh. 1/30 and that on gas oil Sh. 1/20. This is still much below the level of duty in many countries. For example, in the United Kingdom the duty on gas oil and petrol is 2*s.* 6*d.* a gallon. Our road users cannot therefore regard themselves as bearing an intolerable burden.

The refunds to agriculture and forestry, for which provision was made last year, will be extended to the additional 10 cents customs duty on gas oil. The special *ex gratia* refunds to certain other consumers will also apply. I mentioned on a previous occasion my hope that the United Kingdom authorities who have, I understand, been working on this problem for some years, would shortly be able to produce a foolproof method of distinguishing between gas oil used in road vehicles and that used for other purposes. A news item in *The Times* of the 9th May states that as from the 1st July gas oil used in the United Kingdom for purposes other than as fuel oil will be required to have chemical markers and a colouring added to assist the detection of evasion of duty. I propose to ascertain whether similar action could be taken in this country. If so we could dispense with the refund system with all its administrative and other inconveniences. I will keep the House informed on this matter.

I am advised that the taxation proposals so far mentioned, which will in accordance with our usual practice be brought into effect at midnight tonight, should only increase the Nairobi wage earners' index and the Nairobi cost of living index by less than 1 per cent. They will add about £2 million to the Customs and Excise revenue in a full year, bringing the total to a little over £15 million. This is, of course, less than £½ million above the original estimate for the current year. Since the gross national product in 1960 was some 4 per cent higher than in 1959 the House will appreciate that in percentage terms the overall burden of indirect taxation is no greater than it would have been in 1960/61 if the original estimate for that year had been achieved.

For some time I have been considering measures to control pool betting. A Bill, published in today's Official Gazette, provides for the licensing of pool promoters and their agents and for the taxation of pool bets at the rate of 10 per cent of each bet. The tax on bets received from Tanganyika and Uganda will be remitted to those Governments after deduction of the costs of collection, but we hope that a balance of £20,000 or so will remain to be credited to the Kenya Exchequer for the general benefit of this country. If this Bill is enacted we shall incidentally be able to ascertain accurately the amount of money flowing from the country as a result of these growing betting activities.

My proposals in respect of income tax are designed primarily to simplify administration and,

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while they will leave some people a little better off, others a little worse off, their overall effect on the revenue will be negligible.

For some time it has been felt in certain quarters that our income tax structure is too complicated. This is a matter of opinion and it can well be claimed that our legislation is simpler than that in most developed countries. Examination of the problems has also indicated that it is difficult to avoid complications without giving rise to anomalies and inequalities as between one taxpayer and another. The fact remains that our present legislation can only be administered with the assistance of considerable numbers of experienced expatriate staff. Such staff will be less easily available in the future and it is in any case our policy to introduce more local people into all branches of the service. With this in mind the Commissioner has, at the request of the East African Governments, reviewed existing legislation and procedure to see what can be done without unduly affecting the basic structure and introducing too many anomalies and inequities.

The examination shows that there is relatively little which can be modified in those provisions of the Management Act relating to the computation of profits. It is proposed, however, to introduce a Bill in the Central Legislative Assembly this year to provide, for example, greater uniformity in the rules governing relief for capital expenditure and for the exclusion from assessment upon employees of the value of minor benefits in kind or in the form of services. The Bill will also contain several procedural changes aimed at lightening the Department's task.

Two major changes are proposed relating to the scope of the tax. First, provision will be made to confine the charge to tax to income accrued in or derived from East Africa and as from 1st January, 1961, overseas income will be excluded from the charge even when remitted to East Africa. This will not only relieve the Department of the complicated work of assessing overseas income but may encourage residents who do not at present bring their overseas investment income here to do so in future with resulting economic advantage to this country and no significant loss to the revenue.

The second major change relates to the taxing of the annual value of owner-occupied houses. This is a controversial measure in respect of which equally strong arguments can be adduced both for and against. Equity as between taxpayers has hitherto led us to favour the taxation of annual values. This has, however, entailed a great burden of work in ascertaining costs and assessment. The present and foreseeable staffing position of the Department makes it unlikely that this burden can be sustained in the future. I propose therefore that as from 1st January, 1961, the annual value of owner-occupied houses should no longer be included in the owner's taxable income. It follows, of course, that any mortgage interest paid in respect of the house will not be allowed as a deduction from the owner's other taxable income. This conforms with the existing provision for relief in respect of interest paid by a taxpayer.

The considerations relating to owner-occupied houses do not apply when an employee lives in rent-free quarters provided by his employer. Such a benefit of employment will therefore remain chargeable to tax but will be measured in future by the amount of the employee's income and not by reference to annual value.

The present form of tax deduction in respect of the cost of passages to destinations outside East Africa for purposes of health or recreation involves the Department in much investigation to safeguard against a very small basic risk. At present the deduction is limited to a maximum of three double journeys in respect of the taxpayer, his wife and all his dependent children once in two years. I now propose that as from 1st January, 1961, this deduction should be allowed without limit as to the frequency of journeys and that it should extend to each dependent child, but that it should be subject to a limit of £100 in respect of each journey outwards and each return journey as compared with the present relief of £150.

Two changes are proposed in the relief relating to wear and tear deductions in respect of capital expenditure on assets used in producing income. The present initial allowance of 20 per cent will be withdrawn as from the year of income 1961 from non-commercial vehicles, such as private cars used for business purposes. I also propose to limit the wear and tear deduction to what it would have been had the car cost not more than £1,500. The absence of an initial allowance will not reduce the total relief granted over the life of the vehicle but will merely reduce the amount granted in the first year.

Authoritative opinion has suggested that the encouragement given to mining by our tax legislation is not so generous as that provided in other countries and does not provide the necessary incentive. In recognition of the marginal nature and consequent risk in mining in East Africa income tax relief for capital expenditure is in practice normally given on the basis of the very

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short estimated life—in many cases as short as one year. It is proposed to write this into the relief provisions in specific terms for certain classes of marginal productive mining.

The measures which I have mentioned so far will be governed by amendments to the East African Income Tax (Management) Act. Those which I shall now mention will be covered by appropriate clauses in the Finance Bill since they relate to rates and allowances and come therefore within the jurisdiction of this Council.

It has been suggested that some form of depletion allowances should be adopted to provide an incentive for undertaking the exceptional mining risks in East Africa. This would involve administrative complications. I have therefore decided that the incentive can best and most simply be achieved by a special rate of tax applicable to the profits of these marginal producers. A company rate of Sh. 4 in the pound will be included in the Finance Bill for mining companies in this class.

The major field for simplification lies in the personal allowances granted to individual taxpayers. It is here that the demands of equity require complicated legislation and add to the administrative burden. Simplification on the other hand leads to rougher justice. I believe that in present circumstances we must be satisfied with rougher justice. I am, however, satisfied that in the proposals which I shall now make equity has been maintained even though some taxpayers may have to pay marginally more than in the past.

My first proposal is that the Married Allowance which now varies between £500 and £700 for individuals with a total income of between £500 and £1,500 a year should be fixed at £700. Next, I propose to merge the Education Allowance with the Child Allowance which will in future be based on the age of the child thus providing a graduation according with the likely increase in educational costs as a child grows up. The Education Allowance will therefore be abolished and the Child Allowance, restricted to four children as at present, will be as follows:

£75 for a child under 6 years of age on 31st December in the year of income;

£100 for a child who is 6 but under 12 on that date;

£150 for a child who is 12 but under 19;

£250 for a child at a university or similar post-secondary educational establishment, or serving under articles or indentures.

I also propose to extend the Child Allowance to cover a child who is over 19 but is totally incapacitated either mentally or physically. In such a case the allowance will be £150. The existing conditions, for example, that the child's own income shall not exceed £75, will continue to apply in all cases, but there will be no restriction of the allowance by reference to scholarship income or Government grant. I am advised that this proposal will provide a major contribution towards simplifying the assessment of individual taxpayers. Comparison with previous allowances shows also that it does susbstantial justice.

The present personal allowance granted to non-resident persons, other than those living in the United Kingdom, involves unnecessary complication and I propose that it should be nil except for an individual who is chargeable to tax in respect of any pension derived from East Africa. In such cases the allowance will be £250 or the amount of the pension, whichever is the less.

A further worthwhile administrative saving will be made by providing that the actual amount of life insurance premiums shall be deductible as a personal allowance where the total income of the taxpayer does not exceed £2,500 and the annual premiums do not exceed £200 in total. In other cases, the existing life insurance relief provisions will continue to apply.

Apart from these modifications in the field of personal allowances, I propose to abolish the existing age allowance and the allowance for dependents and the housekeepers. It is very difficult to confirm the bona fides of many claims to the Dependent Allowance, and its abolition will materially simplify the Department's task. As regards those dependants maintained by married persons whose income is under £1,500 per annum, the proposed increase in the Married Allowance will offset this withdrawal in whole or in part. As regards incapacitated dependents who are children of the person maintaining them, their inclusion in the new Child Allowance will represent improvement in relief from the present figure of £60 to £150. So far as the age allowance is concerned, those married taxpayers entitled to it at present will also benefit from the increase in the Married Allowance; many of them will also benefit from the abolition of the tax on annual values, so there is some consolation to be found in my other proposals for the loss of this particular relief.

These changes in the income tax provisions will be broadly self-balancing. Since they will operate from 1st January, 1961, they will only affect the 1961/62 revenue in the case of persons who leave East Africa and are assessed up

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to date before they go. It will be noted that the provisions in the Finance Bill will come into force on an appointed day. This will enable these changes to take place simultaneously with those necessary in the Income Tax (Management) Act.

My final proposals regarding taxation relate to Personal Tax. Our direct tax structure has often been criticized on the grounds that persons with incomes between £200 a year and about £1,000 a year all tend to pay at a flat maximum rate of only Sh. 150 a year. I think that there is some merit in this criticism. I propose, therefore, to introduce a further gradation into this tax and to impose a rate of £10 for all taxpayers in receipt of incomes in excess of £400 a year. Some members may think that I should have gone further in this direction and I gave serious consideration to this possibility. It must, however, be borne in mind that most of the people concerned have to bear other direct statutory impositions. I regret that I am unable to propose any set-off of all or part of this tax against income tax, but many of those in the lower income tax brackets will benefit from the adjustments contemplated in respect of the Married Allowance and owner-occupied houses.

Another criticism which has been levelled at the Personal Tax is that the bottom level is too high for people in receipt of incomes not exceeding £120 a year. It is not, of course, true that this imposition, which at present brings in less than £1 million a year or one-eighth of our total expenditure on education alone, bears harshly on the very poorest people, since there are well-known provisions for remission in cases of indigency. Nonetheless, I believe that we should aim at a general reduction at this level with a view to its eventual elimination. Two years ago we took the first step by reducing the rate from Sh. 25 to Sh. 20. I now propose that as from 1st January, 1962, the rate should be further reduced to Sh. 15. With an overall deficit to finance, I regret that I cannot go further than this now. I am, however, advised that if all those who should be paying Personal Tax co-operated with the Administration in doing so, appreciably more revenue would be available from these sources and I might then be able to achieve my objective of exempting all persons with incomes below, say, £60 a year from the operation of this tax.

The net effect of my two proposals in respect of Personal Tax will be to reduce the yield in 1962 by approximately £70,000.

I have no further proposals to make in respect of direct taxation.

Hon. Members will recall that my taxation proposals are designed to bring in additional revenue of £2 million. On the assumption that the recommendations of the Raisman Commission are approved and come into force on 1st July, this will leave me with a remaining gap of something in excess of £2 million. The exact amount must depend to an appreciable extent on future revenue trends.

Her Majesty's Government have included in their Estimates for 1961/62 a sum of £2 million which will go some way towards meeting the current year's deficit. I have already noted that the remainder of that deficit, which is likely to amount to nearly £1 million will be made good by a further grant-in-aid and I have received an assurance that similar provision will be made at the appropriate time to cover the deficit for the coming year. Overall, it seems likely that after making allowances for the cost of the Raisman recommendations for unavoidable additional expenditure items which crop up every year and for the extra grant towards educational services Her Majesty's Government will, during their financial year 1961/62, provide some £4 million over and above the £2 million already included in their Estimates for recurrent assistance to this country. This will bring the total level of assistance to be provided to Kenya by Her Majejsty's Government during the current United Kingdom financial year to some £18½ million, which exceeds 10 per cent of the monetary part of our gross national product. The British Exchequer also bears the cost of the Colonial Development Corporation's investments in Tea Development and Land Settlement and guarantees our loans from the International Bank for Reconstruction and Development. The total comes to well over £20 million. I hope that the House will join me in expressing to Her Majesty's Government and the British taxpayer our most grateful thanks for this generosity.

Mr. Speaker, the past year saw a financial set-back. What I have said today shows, however, that the economy is basically sound and that the conditions for progress are present. The Government is determined to make the best of those conditions and to lead the country forward to a prosperous independence.

Mr. Speaker, Sir, I beg to move.

The Minister for Legal Affairs (Mr. Griffith-Jones) seconded.

Question proposed.

INTERRUPTION OF BUSINESS

The Speaker (Mr. Slade): In accordance with custom, this debate will now be adjourned until

[The Speaker]

another day, of which you have already had notice.

ADJOURNMENT

The Speaker (Mr. Slade): There being no other business on the Order Paper Council now stands adjourned until tomorrow, Wednesday, 17th May, at 2.30 p.m.

The House rose at fifty minutes past Five o'clock.

Wednesday, 17th May, 1961

The House met at thirty minutes past Two o'clock.

[*Mr Speaker* (*Mr. Slade*) *in the Chair*]

PRAYERS

COMMUNICATION FROM THE CHAIR

POSITION OF THE CROSS-BENCHERS

The Speaker (Mr. Slade): Hon. Members, I am informed that certain Members would like to establish their position as Cross-benchers; that is to say, as Members who are independent of both the Government and the Opposition, and free to side with either of them on any particular issue. They will doubtless declare that position very soon by what they say in this Council; but the arrangement of the seating in the Chamber is such that there are not actually any cross-benches.

Therefore, without presuming to dictate where any hon. Member shall sit, I would suggest that we regard a few seats at this end of the Opposition Benches, near the Chair, as reserved for those Members who wish to adopt the position of Cross-benchers. I understand that, in fact, some such arrangement has already been made.

NOTICES OF MOTION

DOUBLE-DAY SITTINGS

The Leader of Government Business and Minister of Education (Mr. Ngala): Mr. Speaker, Sir, I beg to give notice of the following Motions:—

THAT this Council agrees to sit on the mornings and afternoons of Tuesday, 23rd May, and Thursday, 25th May, 1961.

SUSPENSION OF STANDING ORDERS (114B): PROCEDURE ON FINANCIAL STATEMENT

THAT Standing Order No. 114B be suspended to the extent necessary to enable the debate on the Financial Statement on the Annual Estimates to be extended to eight days exclusive of the Mover's speech and reply.

LIMITATION OF DEBATE

THAT speeches in the debate on the Financial Statement on the Annual Estimates be limited to 30 minutes except in the case of three Members of the Government side in addition to the Mover and five Members of the Opposition whose speeches shall not be so limited.