

**2014 BUDGET ADDRESS BY HON. ALEXANDER B. CHIKWANDA, MP**  
**MINISTER OF FINANCE,**  
**DELIVERED TO THE NATIONAL ASSEMBLY ON**  
**FRIDAY 11<sup>TH</sup> OCTOBER, 2013**

---

1. Mr. Speaker, I beg to move that the House do now resolve into Committee of Supply on the Estimates of Revenue and Expenditure for the year 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014, presented to the National Assembly in October 2013.

2. Sir, I am the bearer of a message from His Excellency the President recommending favourable consideration of the motion that I now lay on the Table.

3. Mr. Speaker, as we prepare to celebrate our 50th Independence Anniversary in 2014, we are reminded that our greatest strength as a country is the peace and unity that have been the hallmark of our nation.

4. The peace in unity we have enjoyed over the last half century has been by design and attests to our collective wisdom and vision, and not least the commitment of our founding fathers who gave meaning to the notion of “One Zambia, One Nation”. We have an inescapable duty to pass this legacy to posterity.

5. Sir, 2014 also marks the third year of the Patriotic Front Government. This administration is now well into its stride with concrete policies and programmes in place to accelerate broad based growth, diversify the economy and entrench social justice so that all Zambians, rural or urban, male or female, young or old and including the differently abled, benefit from the nation’s development.

6. It is in this context that the theme of the 2014 Budget is “**Moving Forward to**

**Consolidate Growth and Social Justice in Peace and Unity”.**

7. Mr. Speaker, my address today is in four parts. In Part I, I discuss the global and domestic economies in 2013. In the second part, I outline Government’s macroeconomic objectives, policies and strategies for 2014. In Part III, I present the 2014 Budget and I conclude my address in Part IV.

**PART I**

**OVERVIEW OF THE GLOBAL AND DOMESTIC ECONOMIES**

**IN 2013**

8. Mr. Speaker, the global economy continues to slowly recover with growth in 2013 projected at 2.9 percent. This reflects an economic slowdown in the leading emerging economies of Brazil, Russia, India and China, weaker growth in the United States and the prolonged recession in the Eurozone. However, Sub-Saharan Africa’s economic performance has been relatively stronger, with real Gross Domestic Product (GDP) growth projected at 5.0 percent.

9. Sir, commodity prices have generally been lower in 2013 relative to 2012, due to the sluggish growth in the world economy. Copper prices fell from an average of US\$7,960 per metric tonne in 2012, to US\$7,416 between January and September 2013. Even so, copper prices still remain high by historical standards.

**10.** As regards oil prices, these have generally stabilised in 2013, at slightly over US\$100 a barrel.

**11.** Mr. Speaker, notwithstanding the challenging global economic environment, Zambia's GDP growth is projected to remain strong at above 6 percent. This is on account of favourable performance in the mining, construction, manufacturing and transport and communication sectors. However, with the decline in agricultural output, this projected outturn is lower than our budget forecast of above 7 percent.

**12.** Sir, in 2013, monetary policy focused on achieving an end-year inflation of 6 percent. As at end-September, 2013, inflation remained above target at 7 percent, following inflationary pressures largely associated with the removal of fuel and maize subsidies. To address these inflationary challenges, the Bank of Zambia raised the Policy Rate over the first half of the year to 9.75 percent from 9.25 percent in December, 2012. To complement this, the Central Bank undertook aggressive open market operations to curb money supply growth.

**13.** Mr. Speaker, average commercial bank lending rates have remained relatively stable at 16.5 percent as at end-September, 2013. The Government still believes that these rates are unacceptably high and are holding back domestically financed investments.

**14.** With regard to the exchange rate, this has stabilised at around K5.4 to the US dollar, reflecting improvement in the supply of foreign exchange during the third quarter of 2013.

**15.** Sir, the banking sector's overall performance, as measured by capital

adequacy, asset quality and liquidity position remains favourable. Following the increase in the minimum capital requirements, most commercial banks are now compliant. All banks are expected to fully comply by the end of this year. Sir, the number of non-bank financial institutions continued to grow, rising to 109 as at end-September, 2013 from 104 a year earlier.

**16.** Mr. Speaker, external sector performance as at end-September, 2013 improved. The merchandise trade surplus increased by 17 percent to US\$433.5 million compared to US\$368.5 million in 2012, reflecting strong export growth. Continuing the trend of the past three years, Non-Traditional Exports continue to grow strongly, recording a 49 percent increase to US\$2.49 billion over the first eight months of this year compared to US\$1.67 billion in the corresponding period in 2012.

**17.** Sir, exports of gemstones, cement, electricity, sugar, tobacco, cotton lint, maize and maize seed all registered strong growth and this demonstrates the increased diversification and resilience of our economy.

**18.** Gross International Reserves as at end-September 2013 stood at US\$2.7 billion, about US\$200 million higher than a year earlier, translating into 3 months of import cover.

**19.** Mr. Speaker, the stock of Government's external debt is estimated to have increased marginally by 1.8 percent to US\$3.13 billion as at end-September, 2013 from US\$3.08 billion as at end of 2012. This increase was on account of net disbursements on the existing loan portfolio. The interest paid on the current external debt portfolio as at 30th September, 2013 was US\$90.78 million.

**20.** Mr. Speaker, as at end-September, 2013, the stock of domestic debt, including arrears, stood at K18.52 billion representing an increase of 22.5 percent from K15.12 billion at end 2012. As a result, interest payments on Government securities rose by 40.8 percent to K1.69 billion at end-September, 2013 from K1.20 billion in the corresponding period last year. The rise in the stock is largely on account of higher borrowing induced by the need to increase efforts to grow the economy.

**21.** Sir, to support the provision of long term financing to the private sector, the Government approved the issuance of Kwacha denominated bonds by the International Finance Corporation and the African Development Bank. Subsequently, in September, 2013 the International Finance Corporation successfully issued a five-year K150 million bond. These resources are now available to the private sector for investment in our economy.

**22.** Mr. Speaker, with regard to fiscal policy, Government undertook measures to address long-standing structural challenges relating to fuel and maize subsidies as well as distortions in the public service pay structure. This was done to reinforce fiscal prudence, as well as enhance productivity for better public service delivery. As a result of these developments, the projected fiscal deficit for 2013 will be 8.5 percent of GDP, compared to the budget estimate of 4.5 percent.

**23.** Sir, on 1st January 2013, we successfully rebased the Kwacha. As at 30th September, 2013, the Bank of Zambia had withdrawn K3.7 trillion of the old currency, a withdrawal rate of 97 percent. The cash exchange exercise will continue until 31st December 2015 to enable all Zambians,

particularly those in rural areas, to exchange for the rebased Kwacha.

**24.** Mr. Speaker, to shorten and standardise cheque clearing across the country, the Cheque Truncation System became operational on 1st February 2013. All commercial banks are expected to re-engineer their systems by February 2014, to make the Cheque Truncation System fully operational.

**25.** Sir, in May 2013, Government issued Statutory Instrument Number 55 of 2013 on the Balance of Payments to facilitate better monitoring of financial flows between Zambia and the rest of the world. This will help us better manage external risks in a world where volatile capital flows have caused significant disruption to emerging economies.

**26.** Mr. Speaker, I wish to reiterate that this does not in any way amount to the reintroduction of exchange controls as Government has no plans to do so. Zambia will remain one of the few countries in the region without exchange controls. This has made Zambia a very attractive investment destination with foreign direct investment of US\$5 billion pledged in the first nine months of this year.

## **PART II**

### **MACROECONOMIC OBJECTIVES, POLICIES AND STRATEGIES FOR 2014 AND THE MEDIUM TERM**

**27.** Mr. Speaker, the Sixth National Development Plan has been revised to align it with the PF Government's development agenda. At the centre of the Plan is an ambitious job creation agenda in the

agriculture, tourism, manufacturing, energy and construction sectors, so as to consolidate economic growth and promote social justice.

**28.** Sir, in this context, our macroeconomic objectives for 2014 are to:

- a) achieve real GDP growth of above 7 percent ;
- b) create at least 200,000 decent jobs;
- c) attain end year inflation of no more than 6.5 percent;
- d) increase international reserves to over 3 months of import cover;
- e) maintain a fiscally sustainable public external debt level so that debt service and amortization do not exceed 30 percent of domestic revenues;
- f) increase domestic revenue collections to over 21 percent of GDP; and
- g) limit domestic borrowing to 2.5 percent of GDP and contain the overall deficit to no more than 6.6 percent of GDP.

### **Policies and Strategies for Consolidating Growth and Job Creation**

**29.** Mr. Speaker, in my 2013 Budget Address, I laid out the key policy focus of the PF Government, with emphasis on the creation of employment for our people. This was the first time that Government made a clear and specific commitment to job creation in such an ambitious and transparent manner. It reflects the PF Government's total commitment to inclusive growth and social justice, where all benefit from the nation's development.

**30.** Sir, preliminary figures captured by the Central Statistical Office indicate that

formal sector employment rose by over 58,000 in the first nine months of 2013. These figures only capture the number of people employed in the formal sector and do not reflect those created in the economy as a whole.

**31.** To ensure that Government is able to better capture the jobs created in the economy, data collection will be strengthened so that comprehensive labour market information at national and sub-national levels can be produced in a timely manner.

**32.** Mr. Speaker, I would like to inform this august House that Government is concluding work on rebasing the country's national accounts. This will provide a more accurate measurement of our economy and thereby facilitate better informed economic policy and decision making.

### **Agriculture, Forestry and Fisheries**

**33.** Mr. Speaker, in the 2012/13 farming season, crop and livestock production had mixed results. The outbreak of army worms at the time of planting and lower than normal rainfall in the southern half of the country led to reduced maize output.

**34.** More regrettable was the significant decline in cotton production due to poor pricing in the previous year. Burley tobacco, soya beans, wheat and sunflower however, were among the crops which registered higher production levels. The livestock sub-sector has continued to grow in 2013, with cattle numbers increasing by 10 percent to almost four million and the number of poultry increasing by 18 percent to over 92 million.

**35.** Mr. Speaker, the promotion of a diversified agriculture, forestry and fisheries sector will be a central pillar of our

development strategy for consolidating economic growth in 2014. It is Government's desire to see the agriculture sector grow to its full potential with our many small-scale farmers graduating to become prosperous medium to large scale producers.

**36.** To this end, Government will continue constructing multi-purpose dams and irrigation schemes to limit dependence on rain-fed agriculture. We will also continue our livestock restocking and disease control measures, including investing in dip tanks, and scaling up research to promote artificial insemination programmes so as to improve livestock breeds. Government will also construct silos to increase storage capacity and minimise post-harvest losses.

**37.** Sir, Government will reposition the fisheries sub-sector so that the country can become a net exporter of fish. To achieve this, we will promote aquaculture development and improve infrastructure for fisheries research and marketing. In particular, Government will promote the growing of fish fingerlings by the private sector, promote pen and cage culture and establish lake based hatcheries and nurseries.

**38.** Mr. Speaker, as announced by the President, Government has established 11 large scale forestry nurseries across the country, each raising 1.5 million seedlings per year. These nurseries will not only contribute to the creation of about 200,000 jobs over the next five years, but will also complement efforts at the global level to mitigate climate change. Further, as part of Government's efforts to improve management of forestry resources, enhanced community and private sector participation is envisaged.

**39.** Sir, I am happy to report that by reviving the operations of Nitrogen Chemicals

of Zambia, the company has been able to produce over 70,000 metric tonnes of compound "D" fertiliser so far, thereby supporting the early delivery of fertiliser to farmers throughout the country. Government will continue to revamp the Nitrogen Chemicals of Zambia plant in 2014 to extend its operations to producing urea. The goal is to localise fertiliser production and move away from the severe logistical challenges of imports.

**40.** Mr. Speaker, I also wish to report that the Food Reserve Agency is on course to meet its target of procuring 500,000 metric tonnes of grain for the strategic food reserve. This marketing season, the private sector has actively participated by purchasing the bulk of the maize which is consistent with Government's policy of encouraging private sector participation.

### **Tourism Sector**

**41.** Mr. Speaker, it gives me great satisfaction to report that Zambia successfully co-hosted the United Nations World Tourism Organisation's 20th General Assembly this year. This is because Government provided targeted tax incentives for the tourism sector in 2013. In addition, Government heavily invested in expansion and rehabilitation of infrastructure at the Harry Mwaanga Nkumbula International Airport, as well as in road infrastructure and social amenities in Livingstone.

**42.** Sir, this international event was one of the most successful in the history of the United Nations World Tourism Organisation, with approximately 4,000 delegates. Further, it significantly raised Zambia's international profile as a world class tourism destination.

**43.** Sir, Government intends to build on this raised international profile to achieve its development targets for tourism. These include the promotion of product diversification and further investment in tourism infrastructure, including the Kenneth Kaunda International Airport. The aim is to diversify the tourism base by improving accessibility to our national parks, heritage sites and natural attractions. Government will also continue to streamline licensing procedures and enhance capacity in the hospitality industry.

**44.** Mr. Speaker, a cardinal aspect of Zambia's draw as a tourist destination is a vibrant local cultural heritage. To this effect, Government is committed to developing the creative arts industry. I am pleased to inform this House that the PF Government has already introduced the hologram to protect income rights of musicians and film makers. In 2014, Government will also complete work on national film policy.

### **Manufacturing Sector**

**45.** Mr. Speaker, in my Budget address last year, I outlined Government's intention to strengthen the manufacturing sector. Sir, I am pleased to report that this year, Government released K106.9 million to the Development Bank of Zambia to support the financing needs of industry, particularly Small and Medium Scale Enterprises. These enterprises also benefited from the resumption of funding through the Citizens Economic Empowerment Fund.

**46.** Sir, we also strengthened the linkages between the manufacturing and agriculture sectors through the rehabilitation of Nitrogen Chemicals of Zambia. The company has resumed ammonium nitrate production which ceased in 2002, allowing it

to respond to the immense business opportunities presented by the ever increasing demand for the product from the mining sector. This will improve the company's financial viability by widening its product range.

**47.** Mr. Speaker, the removal of customs duty on most electrical and mechanical industrial equipment in 2013, allowed manufacturers to import major capital items at relatively lower costs. As a result of this measure and other initiatives under the Private Sector Development Programme, the manufacturing sector is expected to grow by 4.3 percent in 2013.

**48.** Sir, in 2014, we will continue to promote the diversification of manufactured products, especially those with export market potential by, among other things, accelerating the development of the Multi-Facility Economic Zones. The Government remains committed to facilitating value addition in manufacturing with a view to exploiting regional and international export markets and creating more jobs for our youths.

### **Mining Sector**

**49.** Mr. Speaker, mining sector performance in the first half of 2013 remained positive. Copper production increased by 13.2 percent in the first half of 2013 to over 374,000 metric tonnes, compared to production over the same period in 2012. This was due to improved mining production techniques, the opening of Lubambe mine and ramping up production at Mulyashi copper mine. On the basis of this performance, copper production from large scale mines is projected to exceed last year's production level.

**50.** Sir, fraudulent reporting by the mines shall not be tolerated as we need to increase our income from this sector. To do this, Government requires an informed, transparent and non-discriminatory platform to effectively collect taxes from the country's mining industry. In 2013, Government designed a multi-purpose and multi-stakeholder framework for monitoring the country's mineral value chain from exploration to export. Implementation will commence soon, to ensure independent and effective monitoring of mining activities by verifying the quantities and quality of the country's mineral wealth.

**51.** Mr. Speaker, local auctioning of gemstones commenced this year. Government will continue to encourage this initiative and urge small scale gemstone miners to use this approach so that they get better value for their gemstones. Local auctioning will also improve Government's ability to collect appropriate revenues from the sub-sector.

### **Private Sector Development**

**52.** Mr. Speaker, Government will continue to implement reforms aimed at building and enhancing a sustainable legislative and regulatory environment for private sector-led growth. This will include the continuation of business registration and licensing reforms. Key among these are the establishment of provincial one-stop shops for business registration, and the decentralisation of certain elements of the filing procedures for registration to Local Authorities to reduce the cost of doing business.

### **Infrastructure Development**

#### ***Transport and Communications Infrastructure***

**53.** Mr. Speaker, in 2014, Government will continue to implement the Link Zambia 8000 programme. I am happy to report that under this programme, which commenced last year, work is progressing well on over 1,500 kilometres of roads. These include the Pedicle; Mongu-Kalabo; Kalabo-Sikongo-Angola border; Kasama-Mporokoso-Kaputa; Mbala-Nakonde; Mansa-Luwingu; Chipata-Chadiza-Katete; Chama-Matumbo; Isoka-Muyombe-Chama; Kitwe-Chingola; and the Leopards Hill-Chiawa roads as well as the bottom road from Munyumbwe to Chaanga. The programme is expected to promote development of local contracting capacity and create 24,000 jobs throughout the country. Already, 16,000 workers, mainly youths, have been employed.

**54.** Sir, His Excellency the President launched the Pave Zambia 2000 programme in September this year and work has commenced in Chawama in Lusaka and Petauke in Eastern Province. The Government will scale up this programme in 2014 to cover all the provinces. Once fully operational, this programme will generate income for up to 20,000 workers.

**55.** Mr. Speaker, in addition to township roads, the Lusaka 400 programme was launched this year with the aim of decongesting the capital city by constructing 400 kilometres of link roads. I am pleased to report that work on this project has progressed significantly with over 150 kilometres of roads to be completed by the end of this year. This programme is expected to be completed by 2016.

**56.** Sir, as regards feeder roads, Government plans to rehabilitate over 1,300 kilometres of the core feeder road network in the country. This will help rural areas to better access markets. Zambia National Service will supplement the efforts of the Rural Roads Unit in the provinces.

**57.** Mr. Speaker, K618.5 million from the Eurobond proceeds was earmarked for track rehabilitation and procurement of rolling stock for Zambia Railways. Progress has been lethargic due to procurement delays and administrative bottlenecks. I am however, glad to report that these have been resolved and work will be scaled up in 2014.

### *Energy Infrastructure*

**58.** Mr. Speaker, Government continues to work with the private sector to increase installed electricity generation capacity and improve the transmission infrastructure. The extension of the Kariba North Bank Power Station will add 360 megawatts of hydro power to the installed capacity. By the end of this year, 180 megawatts will be added and the balance will come on stream in 2014. In addition, the Ndola Energy heavy fuel generating project is nearing completion and will contribute 50 megawatts by the end of this year.

**59.** Sir, in my address last year, I informed the nation that Government was working with strategic private partners to develop the Itezhi-tezhi and Kafue Gorge Lower power stations. With respect to Itezhi-tezhi, financing has been secured and works have progressed, whilst for the Kafue Gorge Lower power station, the tender process to engage a strategic equity partner is in progress. Itezhi-tezhi is expected to come on stream in 2015 with 120 megawatts, while the

Kafue Gorge Lower power station with the capacity of 750 megawatts is expected to come on stream in 2019.

**60.** To support these investments, Government will continue with its policy of attaining cost reflective electricity tariffs while ensuring efficient service delivery.

**61.** With regard to fuel, Mr. Speaker, two provincial fuel depots will be completed this year and a third in 2014, with installations in other provinces to follow thereafter. While efforts to upgrade Indeni Oil Refinery will continue in 2014, Government will also explore other options including construction of a new refinery with sufficient capacity to meet the ever increasing demand of our robust economy with surpluses for export.

### **Social Sector Policies for Inclusive Growth**

**62.** Mr. Speaker, Government's past efforts at social protection have centred on poorly targeted subsidy programmes where the beneficiaries were not the intended poor. Accordingly, Government policy is shifting to better designed social protection programmes such as the social cash transfer scheme that has been successfully piloted in several districts. This scheme has proved more effective in targeting the most vulnerable members of our society.

**63.** In 2014, Government's contribution to the social cash transfer scheme will be scaled up by over 700 percent in order to make a significant impact on reducing extreme poverty. In the same vein, the Food Security Pack programme will also be scaled up.

**64.** Mr. Speaker, Government will develop a national social protection policy

which will, among other things, address the needs of differently abled persons. Government will also mainstream disability issues into the Farmer Input Support Programme, the social cash transfer scheme and other social protection programmes.

### *Health Sector*

**65.** Mr. Speaker, Government remains committed to bringing affordable and quality health care as close to the family as possible. Accordingly, Government will continue to develop regional hubs to decentralise storage and distribution of medical drugs and supplies to better ensure their availability to all Zambians. Two hubs, in Chipata and Choma have already been established with two more in Mongu and Kasama planned for 2014.

**66.** Sir, in 2014, Government will procure specialised medical equipment and requisite supplies for tertiary level hospitals to ensure non-interruption of services and reduce the number of referrals abroad. Further, Government will continue investing in district hospitals, especially for those districts that are currently not served with first level referral services and will also continue with its programme of constructing 650 health posts.

### *Education and Skills Development*

**67.** Mr. Speaker, in 2014, Government will accelerate the re-introduction of the primary and secondary school system; promote the teaching of life skills to enable learners cope with the demands of self-employment in the labour market; promote the teaching of science and mathematics subjects; construct more technical schools and provide laboratory equipment.

**68.** Sir, with regard to tertiary education, Government will increase the

number of students accessing quality and affordable university and college education by:

- a) expanding student accommodation, lecture rooms and libraries at the University of Zambia, the Copperbelt University and Mulungushi University;
- b) continuing with the development of infrastructure at Chalimbana and Palabana universities in Lusaka Province, Paul Mushindo and Robert Kapasa Makasa universities in Muchinga Province, Mukuba University on the Copperbelt and Kwame Nkhrumah University in Central Province; and
- c) commencing the construction of Luapula University in Luapula Province and King Lewanika University in Western Province.

**69.** Mr. Speaker, Government will also commence construction of three new teacher training colleges in Eastern, Western and North-Western provinces, and five trades training institutes at various locations across the country.

### *Water Supply and Sanitation*

**70.** Mr. Speaker, in 2014, Government will increase rural access to clean and safe drinking water from the current 61 percent to 65 percent. This will be done by drilling 2,000 new boreholes, constructing 250 hand dug wells and establishing 50 piped water schemes. In addition, 2,000 boreholes and 100 hand dug wells will be rehabilitated. Further, rural access to sanitation facilities will also be increased to 48 percent from the current 43 percent. This will be achieved by promoting community-based approaches and the construction of 500 institutional latrines.

**71.** Mr. Speaker, in urban and peri-urban areas, Government will increase access to clean and safe drinking water to 84 percent in 2014 from the current 82 percent. This will be achieved through the rehabilitation of water supply infrastructure in various urban towns as well as the creation of a new water utility company in Muchinga Province.

### **Monetary and Financial Sector Policies**

**72.** Mr. Speaker, in 2014, the Bank of Zambia will maintain price and financial system stability by continuing to implement monetary policy through its interest rate targeting framework. Further, it will strengthen the regulatory framework governing the financial sector by updating and harmonising legislation.

**73.** Sir, Government will continue to maintain a flexible exchange rate regime with the Bank of Zambia only intervening to smoothen short term volatility. Additionally, the Bank of Zambia will continue to build international reserves to over 3 months of import cover.

**74.** Mr Speaker, to further reduce the cost of financial services, the National Financial Switch is expected to be implemented in 2014. The switch will integrate different payment channels such as Automatic Teller Machines, Point of Sale terminals, mobile and internet banking platforms and other various e-commerce and e-governance platforms.

### **Debt and Aid Policy**

**75.** Sir, to ensure sustainable borrowing, Government will continue to conduct regular debt sustainability analyses to guide its future borrowing decisions. Sustainability will be increasingly defined in

terms of the proportion of debt service and amortisation costs to domestic revenues.

**76.** Mr. Speaker, over the years, budget support received as grants from our cooperating partners has reduced to around 6 percent of the Budget. In recognition of this trend and taking into account the Busan Declaration on development aid effectiveness, Government will revise the Aid Policy in 2014. The policy will articulate mechanisms for engaging our cooperating partners in line with Governments' priorities as outlined in the Revised Sixth National Development Plan. Further, aid management and coordination will increasingly focus on Aid for trade, recognise the role of private sector institutions and Civil Society in development and emphasise capacity development for our institutions.

### **Fiscal Policy**

**77.** Mr. Speaker, 2013 has been a challenging year for fiscal policy but important steps have been taken to address policies that have created structural imbalances. Challenges will remain in 2014, but Government is actively engaged in creatively resolving them to maintain prudent fiscal management.

**78.** Sir, strengthening domestic revenue mobilisation is central to Government's aim of enhancing public infrastructure development to achieve sustainable economic growth. With external support having lessened, Government increasingly needs to raise more revenue domestically and aims to mobilise 23 percent of GDP by 2016.

**79.** Mr. Speaker, the 2014 Budget is premised on the imperative to address bottlenecks in tax administration in order to enhance domestic revenue mobilisation.

Therefore, I will propose specific interventions including a continuation of tax policy reform, improving the performance of Value Added Tax and excise duties, rationalising the investment tax incentives regime, promoting efficiency and simplifying tax administration.

**80.** Sir, last year I informed this House that we shall continue modernizing tax administration to reduce the cost of compliance and increase operational efficiency. To this end, Zambia Revenue Authority has embarked on the automation of tax operations through the introduction of web-based tax administration systems. These systems will make it easier for taxpayers to comply with their tax obligations from anywhere as long as they have internet connectivity.

**81.** Mr. Speaker, with regard to non-tax revenues, Government will continue to modernise current payment systems and update the Fees and Fines Act to enhance domestic revenue mobilisation. To improve accountability, Government will implement the requirement for all statutory bodies collecting public funds to channel all their revenues to the Treasury.

**82.** Sir, in order to improve transparency within the maize marketing system, all receipts from sales of maize by the Food Reserve Agency are now being deposited into a Government account. Further, to strengthen accountability and curtail the accumulation of contingent liabilities, the operations of the Food Reserve Agency will be funded directly from the Budget from 2014. In this regard, Government has assumed the Agency's outstanding obligations to the commercial banks.

## **Public Financial Management Reforms**

**83.** Mr. Speaker, in August this year, I launched the Public Financial Management Reform Strategy that covers the period 2013 to 2015. The Strategy involves undertaking reforms in ten critical components of the public financial management cycle. Once implemented, the Strategy is expected to enhance prudent financial management.

**84.** Sir, I am pleased to inform you that progress has already been made in implementing several components of these reforms. With regard to public procurement, the Zambia Public Procurement Authority has already been transformed from an executing institution to an oversight and regulatory institution with procurement functions decentralised to spending agencies.

**85.** Similarly, Sir, a draft Planning and Budgeting Policy has already been developed and is now undergoing consultations with stakeholders. The policy will integrate planning and budgeting, foster parliamentary oversight, and enhance citizens' participation in planning and budgeting. Once approved by Cabinet, the policy will be given legal backing through a Planning and Budgeting Act. The "Yellow Book" format will also be modified to provide more information relating to the outputs and impact of Government programmes.

**86.** Sir, Government has embarked on a programme to strengthen cash management by addressing the challenges associated with large unutilised balances in Government bank accounts. Keeping these funds idle denies resources from programmes that require immediate financing and often entails Government borrowing its own funds from commercial banks.

**87.** Therefore, under the Public Financial Management Reforms, Government will accelerate the establishment of a Treasury Single Account to enhance Government's ability to oversee its accounts and avoid the accumulation of idle funds. Currently, Government is using the Treasury Single Account to fund personal emoluments, transfers to grant aided institutions and capital programmes. Beginning 2014, this will be extended to funding other categories of expenditure.

### **Public Sector Reforms**

**88.** Mr. Speaker, public sector pay has been characterised by distortions in salary levels and inequities in other conditions of service. Thus, in 2012, Government adopted a ten-year Integrated Competitive Total Remuneration Strategy. Government is committed to effectively implement this ten year Strategy which aims to harmonise pay for similar positions across the three arms of the State. It also rationalises allowances by abolishing some and consolidating others into the salary.

**89.** Sir, in 2013, Government fast-tracked the implementation of the reforms, especially to benefit the lower paid public workers. Over the next two years, Government will concentrate on addressing structural anomalies in the remuneration structure. In order to provide sufficient fiscal space for the provision of basic social services and investment in public infrastructure, and reduce the proportion of our revenues spent on the public service wage bill, which is projected at 52.5 percent in 2014, I propose a two-year public sector salary/wage moratorium and to defer new recruitments to 2015.

**90.** Sir, the Integrated Competitive Total Remuneration Strategy will also entail a review of public pensions, enhancement to the public service performance management system and the creation of a public service credit union to replace the various loan schemes currently in place. The first stage has been the establishment of the Civil Service Micro Finance Company which, by end September, 2013 had already disbursed about K53 million to over 4,000 beneficiaries.

**91.** Mr. Speaker, it is expected that with these reforms, coupled with performance related pay, productivity and service delivery of the public sector will be enhanced.

### **Pension Reforms**

**92.** Mr. Speaker, a good pension system should subscribe to the basic principles of affordability, sustainability, portability, wide coverage and adequacy. The current pension systems, particularly the public pensions, clearly fall short of these principles. The public pension funds for instance, are fiscally unsustainable, not transferable between jobs and are unable to meet the minimum living requirements of retirees. Over the medium to long term, Government will implement wider reforms that will make it achieve the principles highlighted above.

**93.** Mr. Speaker, the Public Service Pension Fund has huge deficits that are projected at K2.9 billion in 2014, K2.6 billion in 2015 and K2.8 billion in 2016. Given that the Public Service Pension Fund is wholly owned by Government, it means that these deficits have to be funded from tax payers' money. Against the backdrop of significant fiscal challenges that we are experiencing to mobilise sufficient resources for development, pension reforms can no longer be avoided.

**94.** Sir, Government will therefore implement changes to the Public Service Pension Fund that will include changing the retirement age; revising the basis for calculating the pensionable emoluments and reviewing the commutation factors. I am convinced that these reforms will translate into a more favourable and sustainable pension system with greater inter-generational equity.

### **Decentralisation Policy**

**95.** Mr. Speaker, the creation of 30 new districts over the past two years is a practical demonstration of Government's commitment to enhance citizen participation in local governance, development and service delivery. For decentralisation to be meaningful however, fiscal decentralisation must be implemented to ensure that devolved functions are adequately financed. Government is undertaking a comprehensive study to overhaul the Intergovernmental fiscal architecture and this will guide financial allocations to councils over the medium term. In 2014, grants to councils will again be raised significantly and Government will revert to the formula based recurrent grants.

## **PART III**

### **THE 2014 BUDGET**

**96.** Mr. Speaker, the PF Government has an unwavering commitment to fulfil its pledge to the nation that all Zambians benefit from the robust economic growth that this country has registered and is expected to continue experiencing over the medium term. Development will be brought closer to the people so that our vision of bringing

transformational change in the lives of our people is no mere rhetoric. This is even more important for us, in 2014 when Zambia will celebrate 50 years of independence.

**97.** Mr. Speaker, in formulating the 2014 Budget, I have followed key principles, starting with the imperative to reconfigure our expenditure profile towards growth promoting sectors. Sir, unless we are able to devote a large proportion of resources to investment, we shall neither be able to achieve the necessary restructuring of our economy, nor ensure a satisfactory long term sustainable level of economic growth.

**98.** Sir, a further equally important imperative is the need for not only sustaining high levels of growth, but ensuring that this growth translates into tangible benefits for all Zambians.

**99.** Mr. Speaker, I now turn to the details that the majority of my fellow Zambians are eagerly waiting for, these being the key highlights of the 2014 Budget.

**100.** Sir, Government proposes to spend a total of K42.68 billion or 30.7 percent of GDP. This will be financed through domestic revenues of K29.54 billion as well as grants of K2.63 billion from our cooperating partners. The balance of K10.51 billion will be met through foreign and domestic borrowing.

### **Allocations by Functional Classification**

**101.** I now provide details of how resources have been allocated in 2014 by broad Government functions.

## 2014 Allocations by Function

FUNCTION	ALLOCATION (K' million)	SHARE OF BUDGET
<b>General Public Services</b>	<b>10,729.3</b>	<b>25.1%</b>
o/w Grants to Local Authorities	626.6	
Constituency Development Fund	210.0	
Domestic Debt	2,850.5	
External Debt	1,822.4	
Resource Mobilisation	428.8	
Constitution Making Process	44.2	
Infrastructure in New Districts	550.0	
<b>Defence</b>	<b>2,744.3</b>	<b>6.4%</b>
<b>Public Order and Safety</b>	<b>2,121.4</b>	<b>5.0%</b>
<b>Economic Affairs</b>	<b>11,943.4</b>	<b>28.0%</b>
o/w Economic Empowerment Funds	108.7	
Youth Skills Training	55.0	
Strategic Food Reserves	1,013.3	
Farmer Input Support Programme	500.0	
Construction & Rehabilitation of Silos	179.7	
Construction of Dip Tanks	52.2	
Power Rehabilitation Project (ZESCO)	550.0	
Railway Rehabilitation/Recapitalisation	339.8	
Roads Infrastructure	5,126.9	
Procurement of Dredgers	87.0	
Procurement of Radar Equipment	147.0	
<b>Environmental Protection</b>	<b>165.2</b>	<b>0.4%</b>
<b>Housing and Community Amenities</b>	<b>661.0</b>	<b>1.5%</b>
o/w Water Supply and Sanitation	417.8	
<b>Health</b>	<b>4,228.4</b>	<b>9.9%</b>
o/w Drugs and Medical Supplies	738.7	
Medical Infrastructure & Equipment	312.3	
<b>Recreation, Culture and Religion</b>	<b>298.9</b>	<b>0.7%</b>
<b>Education</b>	<b>8,607.0</b>	<b>20.2%</b>
o/w School Infrastructure (Primary & Secondary)	861.1	
University Infrastructure	404.3	
<b>Social Protection</b>	<b>1,183.0</b>	<b>2.8%</b>
o/w Public Service Pension Fund	754.2	
Social Cash Transfer	199.2	
Food Security Pack	50.0	
<b>TOTAL</b>	<b>42,682.0</b>	<b>100.0%</b>

### *General Public Services*

**102.** Mr. Speaker, Government has set aside K10.73 billion or 25.1 percent of the Budget for General Public Services which includes allocations for infrastructure development for the new districts, inter-governmental fiscal transfers and debt payments. Combined, these three account for 56.5 percent of this allocation.

**103.** Sir, to ensure that our people in remote and underdeveloped areas do not remain peripheral to our development efforts, K550 million has been set aside for infrastructure development in the newly created districts and the new provincial capitals, namely Choma and Chinsali. A further K836.6 million has been allocated for transfers to Local Authorities and includes K210 million for the Constituency Development Fund. With regard to debt management, a total of K4.65 billion has been set aside to settle domestic and external debt payments

**104.** Mr. Speaker, Zambia, with a land area in excess of three quarters of a million square kilometres has less than 10 percent of this land on title. In order to bring sanity in land administration and management as well as entrench security of tenure for land owners, I have allocated K100 million to undertake the National Land Audit and the National Titling Programme. The National Titling Programme will regularise the registration of land, ensuring that owners have title deeds and enhance their ability to access credit. Further, the programme will increase revenues for Government.

**105.** Sir, I have allocated K44.2 million to commence the preparatory work towards the successful adoption of the new constitution.

### *Economic Affairs*

**106.** Mr. Speaker, in order to consolidate our robust economic growth trajectory and improve our people's standard of living, it is cardinal that we continue to invest in our economic sectors. I have therefore, allocated K11.94 billion to economic sectors, representing 28.0 percent of the Budget.

**107.** Sir, I have allocated K3.08 billion or 7.2 percent of the Budget, to the agriculture sector. Of this amount, 51 percent is earmarked for programmes that can make the diversification of the sector a reality.

**108.** Mr. Speaker, key interventions include the countrywide construction of dip tanks and silos for which an allocation of K231.9 million has been provided. The target is to increase the number dip tanks to combat animal disease and increase grain storage capacity to 1.3 million metric tonnes by the end of 2014. In addition, K80.9 million has been allocated to develop irrigated agriculture.

**109.** Mr. Speaker, I have also allocated K500 million for the Farmer Input Support Programme to facilitate the provision of affordable crop and livestock inputs for our small scale farmers.

**110.** Sir, to secure and maintain the 500,000 metric tonnes of strategic food reserves, K1.0 billion has been set aside in the 2014 Budget.

**111.** Mr. Speaker, K6.07 billion or 14.2 percent of the Budget has been allocated to the transport sector to construct, rehabilitate and maintain road, rail, water and air infrastructure. Sir, K5.13 billion of this is

earmarked for the Link Zambia 8000 Programme, PAVE Zambia 2000 project, the Lusaka 400 project and feeder roads in the rural areas.

**112.** Sir, with regard to the rail subsector, Government has allocated K339.8 million to recapitalise TAZARA and rehabilitate Zambia Railways Limited. The quality of rail travel for both goods and the public will improve and the negative impact on the nation's roads from heavy commercial traffic will be mitigated.

**113.** Mr. Speaker, I have allocated K250 million for other critical interventions in the transport sector. These include the procurement of radars to bring our air safety levels to world standards, and dredging equipment and water vessels to improve water transport in the country.

**114.** Sir, in the energy sector, K550 million has been set aside for the power rehabilitation project under Zesco while K65 million has been allocated for the Rural Electrification Programme.

### *Education*

**115.** Mr. Speaker, the importance of education in facilitating economic growth and reducing poverty cannot be overemphasized. In this regard, I propose to spend K8.61 billion or 20.2 percent of the Budget on education. Out of this amount, K1.28 billion will go towards the construction of education infrastructure which will include 53 new secondary schools and the upgrading of 220 basic schools into secondary schools. Government will also construct an additional 150 primary school classrooms in the rural areas with corresponding 150 teacher houses, by using the community mode method.

**116.** Sir, included in the education sector infrastructure budget is K404.3 million for university and other tertiary infrastructure, in particular student hostels at the University of Zambia, Copperbelt and Mulungushi Universities while an additional K395.3 million has been provided for operational grants for universities, student tuition and bursaries.

### *Health*

**117.** Mr. Speaker, I propose to spend 9.9 percent of the Budget, or K4.23 billion on health services in 2014. Within this amount, K245.7 million is provided for the construction and rehabilitation of district hospitals, health centres, training schools and the upgrading of tertiary health care.

**118.** Sir, in order to enhance the availability of essential drugs and medical supplies, the budget in 2014 for these items has been increased by 24.3 percent to K738.7 million from K594.1 million in 2013. A further K66.6 million has been provided for medical equipment including the specialised equipment I mentioned earlier.

### *Public Order and Safety*

**119.** Sir, in order to facilitate the continued maintenance of internal security in the country, I propose to spend K2.12 billion. To begin to redress the deplorable conditions in our prisons, I have allocated K21.9 million for expanding and improving prison infrastructure with a further K22.6 million allocated to prison farms so as to improve the nutrition of in-mates.

**120.** Mr. Speaker, as part of our continuing efforts to enhance the crime fighting capacity of Zambia Police Service, I

have in 2014, allocated K27.2 million to procure digital forensic equipment and a mobile forensic laboratory, among others.

### *Housing and Community Amenities*

**121.** Mr. Speaker, a total of K661.0 million has been allocated for housing and community amenities. Of this amount, K417.8 million has been budgeted for the provision of safe water and sanitation in both rural and urban areas, to achieve the coverage targets I announced earlier.

### *Social Protection*

**122.** Mr. Speaker, in the past, social protection programmes have not been given adequate resources. Consequently, I have allocated K1.18 billion for social protection programmes in 2014. A large part of this increase arises from higher allocations to the Public Service Pension Fund, which will receive K754.2 million, in addition to the employers' contribution.

**123.** Mr. Speaker, despite high levels of spending in past years on various subsidy

programmes, the reduction in extreme poverty has remained an elusive goal. This cannot be allowed to continue. I am cognisant of the successful piloting of social cash transfers in several districts across the country and their direct impact on reducing extreme poverty. Accordingly, I have decided to increase the allocation for this scheme from K72.1 million to K199.2 million in 2014.

### **Revenue Estimates and Measures**

**124.** Mr. Speaker, Zambia needs to accelerate her efforts in addressing the huge backlog of development arrears which have accumulated over the years. In order to finance our ever increasing development needs in the sectors highlighted above, it is an inescapable fact that our existing tax regime cannot generate the resources required to meet these demands. Consequently, the measures I now propose are intended to increase our revenue collections to over 21 percent of GDP in 2014 and make our tax system fairer and simpler to administer.

## Revenues and Financing for the 2014 Budget

	(K' million)		Share of GDP	Share of Budget
<b>Total Tax Revenues</b>		<b>26,643</b>	<b>19.2%</b>	<b>62.4%</b>
<b>Income Tax</b>	<b>12,966.39</b>		<b>9.3%</b>	<b>30.4%</b>
<i>Company Income Tax</i>	4,046.96			
<i>PAYE</i>	5,132.08			
<i>Withholding &amp; Other</i>	1,601.65			
<i>Mineral Royalty</i>	2,185.71			
<b>Value Added Tax</b>	<b>8,099.06</b>		<b>5.8%</b>	<b>19.0%</b>
<i>Domestic VAT</i>	81.38			
<i>Import VAT</i>	8,017.68			
<b>Customs and Excise</b>	<b>5,577.39</b>		<b>4.0%</b>	<b>13.1%</b>
<i>Customs Duty</i>	2,330.88			
<i>Excise Duty</i>	3,246.52			
<i>o/w Fuel Levy</i>	861.01			
<b>Non-Tax Revenues</b>		<b>2,895.70</b>	<b>2.1%</b>	<b>6.8%</b>
<i>Fees &amp; Fines</i>	483.57			
<i>Exceptional</i>	2,163.74			
<i>Dividends &amp; On-lending</i>	248.39			
<b>Domestic Revenue</b>		<b>29,538.54</b>	<b>21.2%</b>	<b>69.2%</b>
<b>Domestic Borrowing</b>		<b>3,501.75</b>	<b>2.5%</b>	<b>8.2%</b>
<b>Total Domestic Revenue and Financing</b>		<b>33,040.29</b>	<b>23.8%</b>	<b>77.4%</b>
<b>Total Foreign Grants and Financing</b>		<b>9,641.75</b>	<b>6.9%</b>	<b>22.6%</b>
<b>Grants</b>	<b>2,626.63</b>		<b>1.89%</b>	<b>6.2%</b>
<i>General Budget Support</i>	1,083.86			
<i>Sector Budget Support</i>	0.00			
<i>Project Grants</i>	1,542.76			
<b>Foreign Financing</b>	<b>7,015.12</b>		<b>5.0%</b>	<b>16.4%</b>
<i>Programme Loans</i>	5,500.00			
<i>Project Loans</i>	1,515.12			
<b>TOTAL REVENUE AND FINANCING</b>		<b>42,682.03</b>	<b>30.7%</b>	<b>100.0%</b>

### Revenue Measures

125. Sir, I propose to increase excise duty on airtime from 10 percent to 15 percent. I further propose to revoke the statutory instrument that suspended excise

duty on clear beer so that the substantive duty rate of 60 percent is once again effective. The revenue gain from these measures is K514.8 million.

**126.** Mr. Speaker, in addition, I propose to increase the property transfer tax rate from the current 5 percent to 10 percent. The measure is expected to generate an additional K100 million.

**127.** Sir, I propose to introduce a charge at the rate of 0.2 percent of the value transferred on money transfer service to a recipient within or outside the Republic of Zambia. This measure will bring to the Treasury K180 million.

**128.** Mr. Speaker, the above measures will take effect on 1<sup>st</sup> January, 2014.

#### *Rationalisation of the Tax System*

**129.** Mr. Speaker, to streamline the tax system and make it more equitable and buoyant, we have continued with our tax reforms. In pursuit of this agenda, I propose to expand the Value Added Tax base by shifting several categories of zero rated goods and services to the standard rated category. This will generate a revenue gain of K151 million.

**130.** Mr. Speaker, to equalise tax treatment between branches and subsidiaries and prevent tax avoidance, I propose to extend the withholding tax to profits distributed by branches of foreign companies. This will generate additional revenues of K1 million.

**131.** Sir, withholding tax on payments to non-residents on royalties, management and consultancy fees is at 20 percent. In order to align withholding tax rates on all similar payments to non-residents; I propose to increase withholding tax on commissions, public entertainment fees and payments made to non-resident contractors to 20 per

cent from 15 per cent. This measure will result in a revenue gain of K71.7 million.

**132.** Mr. Speaker, in line with the PF Government's deliberate focus to simplify the tax system and enhance compliance, I propose to change the taxation of rental income by reducing the withholding tax to 10 percent from 15 percent and make this a final tax. As such, turnover tax on rental income shall not be applicable.

**133.** Sir, as a way of further stimulating the booming property sector, which is a source of employment creation, I propose to exempt from withholding tax interest arising from the debenture part of a property linked unit paid to Zambian investors in any Property Loan Stock Company listed on the Lusaka Stock Exchange.

**134.** Mr. Speaker, I have noted that persons who make fortunes from gaming, lotteries and betting do not declare income for tax purposes. As such, incomes from such sources go untaxed in the hands of winners. In order to broaden the tax base, I propose to introduce a withholding tax of 20 percent on winnings from gaming, lotteries and betting and make it a final tax.

#### *Streamlining of Tax Incentives*

**135.** Mr. Speaker, any investor, foreign or local, who pledges to invest at least half a million United States dollars in a priority sector or product, as declared under the Zambia Development Agency Act, is entitled to tax incentives. In particular, they are exempt from paying duty for the first five years, are entitled to a five year income tax holiday and benefit from a further five years of preferential income tax rates.

**136.** Sir, you recall that in my Budget address to this House last year, I made reference to our tax incentive regime as being one of the most generous in the region. However, studies undertaken to examine the extent to which investors accessing tax incentives, have met their investment obligations including creating employment have revealed disappointing results. Whilst these incentives have been granted on the basis of attracting foreign direct investment and stimulating exports, it has been found that some investors have abused the incentives.

**137.** Sir, it is only logical and appropriate that those who violate the provisions under which incentives were granted face sanctions including revocation of their investment licenses.

**138.** Mr. Speaker, I propose to align the sectors declared as priority under the Zambia Development Agency Act to the Revised Sixth National Development Plan. Further, I propose to rationalise the granting of tax incentives accessed through the Zambia Development Agency mechanism. In particular, incentives under import duty exemptions accessed through the Zambia Development Agency will no longer be granted to any new licence holders from midnight tonight, apart from licence holders in Multi-Facility Economic Zones, Industrial Parks and business enterprises in rural areas to facilitate development of the rural areas.

**139.** Mr. Speaker, I wish to reiterate the President's stance that our Government will continue to implement programmes and activities aimed at attracting and promoting investment into the country. This will be done by accelerating the development of Multi-Facility Economic Zones and

Industrial Parks which are expected to create over 110,000 jobs once fully operational.

### *Concessions*

**140.** Mr. Speaker, as a demonstration of our commitment of putting more money in our people's pockets, I propose to increase the current exempt threshold of Pay As You Earn by more than 36 percent from K2,200 to K3,000 per month and adjust the bands accordingly. The expected revenue loss from this measure is K956.6 million.

### **Current PAYE Regime**

<b>Income Band</b>	<b>Tax Rate</b>
0 - K2,200 per month	0%
K2,201 – K3,000 per month	25%
K3,001 – K5,900 per month	30%
Above K5,900 per month	35%

### **Proposed PAYE Regime**

<b>Income Band</b>	<b>Tax Rate</b>
0 - K3,000 per month	0%
K3,001 – K3,800 per month	25%
K3,801 – K5,900 per month	30%
Above K5,900 per month	35%

### *Revenue Neutral Measures*

**141.** Mr. Speaker, in order to effectively improve tax compliance and curb tax evasion, I propose to enhance the provisions relating to access to information for tax purposes.

**142.** Sir, I further propose to amend the Customs and Excise Act, Income Tax Act and Value Added Tax Act so as to update, strengthen and remove

ambiguities in certain sections of these laws and to make tax administration more effective.

#### *Non Tax Revenues*

**143.** Sir, as part of its comprehensive land reform programme, Government has launched the Integrated Land Management Information System whose benefits, among others, are to strengthen the administration of land and regularise land ownership through surveying and titling of land country wide. This measure will improve certainty of land location and ownership, enhance security of tenure for both customary and state land, improve transparency in land transaction procedures and increase revenue collection among others.

**144.** Sir, toll fees collected from toll gates based on the Road User Pay principle is one of the most sustainable sources of financing for the roads. The Government has embarked on tolling of selected major roads whose proceeds will be channelled to the rehabilitation and maintenance of roads country wide. Tolling of commercial traffic will commence before the end of this year using the existing weigh bridge infrastructure.

**145.** Mr. Speaker, to augment the efforts of enhancing domestic revenues, I propose to revise upwards various fees and fines to bring them to appropriate cost recovery levels of providing the respective services. These fees include those collected by the Ministry of Lands,

Natural Resources and Environmental Protection, Ministry of Information and Broadcasting Services, Ministry of Mines, Energy and Water Development and Ministry of Home Affairs. These measures will take effect from 1<sup>st</sup> January, 2014.

**146.** Mr. Speaker, Government will raise an estimated K550 million from these non-tax measures in 2014.

### **PART IV CONCLUSION**

**147.** Mr. Speaker, it is only appropriate to conclude my address by paying tribute to our hard working President, Mr. Michael Chilufya Sata for the inspiring leadership and vision he has provided since the inception of his administration. Under the leadership of this great patriot who is focused, has undivided loyalty and love for his people, the nation's development agenda has moved forward at a robust pace. We all have a duty to join hands with him to intensify our crusade against poverty. Our divergent views should never be a cause for drifting from our common purpose of moving the country forward and creating a society premised on social justice and prosperity for all.

**148.** Mr. Speaker, I beg to move.