

Uhuru attempts to please everyone

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NAIROBI, Kenya, Jun 11 – In his maiden speech as Finance Minister, Uhuru Kenyatta seems to have broken from tradition and taken into consideration various proposals from the public and the private sector.

In what may be described as a ‘feel good budget’ the Minister tried all possible means from not increasing taxes to, announcing cost cutting measures and reducing VAT on items like mobile phone handsets while attempting to make everyone comfortable.

“I did receive as many suggestions as possible and I have tried to incorporate in my budget proposals as much as I can to ensure especially that the masses are happy,” Mr Kenyatta said.

Among the first measures announced by Mr Kenyatta in his bid to cut cost and raise funding for the budget include a Transport Policy that will see a moratorium on the purchase of government vehicles.

Government officials will now be provided with fuel cards, an act that the Minister is convinced will highly reduce fuel expenses for the government.

In a bid to curb excess government spending and wastage Mr Kenyatta directed that all accounting officers including Cabinet Ministers be barred from using vehicles with a bigger engine capacity than 1800 cc.

“Treasury under my leadership has already complied with this directive and I must say I used a vehicle that fits within these parameters,” Mr Kenyatta said.

He further announced that all additional vehicles would be withdrawn from accounting officials with Cabinet Ministers who previously enjoyed more than one fuel guzzlers allowed only one vehicle.

And unlike in previous attempts the Minister has committed to sell the repossessed vehicles by September 2009 and use the funds to settle Internally Displaced Persons.

“I have discussed all this measures with the Prime Minister and the President and let me clarify that no official vehicle is exempt,” he said

Touching on ICT sector Mr Kenyatta noted that the first undersea fibre optic cable would be launched on Friday and announced an allocation of Sh1.3 billion for mobile computer software in support of the rollout of the digital villages all over the country.

In the meantime, the Minister is promising to underwrite funding for the purchase of laptops and computers for all constituencies in the country to stimulate better interventions for the youth through education.

However constituencies seem to be the biggest beneficiaries' of the current budget with the Finance Minister setting aside for Sh12 billion for CDF with each particular constituency at Sh60 million.

Furthermore each constituency will benefit 22 percent of the road levy will go to the maintenance for rural roads.

“As you can see I want to focus on local level budgeting and that’s why funding for the constituencies has gone up from Sh10 billion to Sh18 billion, this should further ensure equitable development,” he said.

Other gainers were the Youth and Women Funds that received an additional Sh500 million and an additional funding of Sh2.2 billion for IDP’s while small business received Sh500 million.

Mr Kenyatta seems to have listened to the tourism industry pleas on the proposed 69 percent cut and provided Sh400 million as opposed to the previously proposed Sh250million.

The sector further received Sh800 million through the Kenya Tourism Development Corporation (KTDC). The Minister further removed import duty on all four wheel drive vehicles a move that should act as an incentive for more operators to bring tourists in the country making the destination as competitive as its counterparts in the East African Region.

Unlike expectations that the Finance Minister’s most obvious option would be to increase taxes Mr Kenyatta very cleverly steered off raising funds through both direct and indirect taxes.

Mr Kenyatta said he took into account most tax proposals conferred to him by different parties while ensuring the biggest benefit to the common man.

“Unlike in the past where most of the basic commodities are zero rated and it ends up only benefiting some few people especially traders, this time round I want to ensure the benefits are to everybody,” the Minister noted.

Among his proposals were the removal of the sugar levy and import duty on asbestos and a number of raw materials to inspire the manufacturing industry.

The biggest gainers were the mobile phone manufacturers whose constant campaigns on the zero rating of handsets seem to have touched the minister’s heart.

“Mobile telephones have become an essential aspect of our lives and in response I propose to remove VAT on these handsets as a way of inspiring growth in this particular sector,” the Minister said.

In concluding his budget speech the minister was keen to note that this particular budget was hugely intended to balance between growth and providing social benefits and stimulus for the ordinary man.

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