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**REPUBLIC OF KENYA**  
**MURANG'A COUNTY ASSEMBLY**  
**THE HANSARD**

Wednesday, 5<sup>th</sup> April 2023.

The Assembly met at 2:40 p.m.

*[The Temporary Speaker (Hon. Kamwaga Mwangi) in the Chair]*

**PRAYER**  
**PAPER**

**IMPLEMENTATION STATUS OF COUNTY HEALTH POLICY 2022-2027**

**Hon. Hilary Muigai:** Thank you Hon. Speaker, I beg to lay the following Paper;-  
Report on the implementation status of a Report by the Health Services Committee on consideration of Murang'a County Health Policy 2022 to 2027. Thank you.

*(Hon. Hilary Muigai laid the Paper on the Table)*

**MOTION**

**ADOPTION OF REPORT OF BUDGET AND APPROPRIATIONS COMMITTEE ON THE  
BUDGET REVIEW AND OUTLOOK PAPER, 2022**

**Hon. Charles Machigo:** Thank you Mr. Speaker, I beg to move the following Motion;-

That, this Assembly adopts the Report of the Budget and Appropriations Committee, on the Budget Review and Outlook Paper 2022, laid on the Table of the Assembly on April 4, 2023.

Mr. Speaker, the County Budget and Review Outlook Paper (CBROP) is prepared in line with Section 118 of the Public Finance Management Act 2012, where the County Treasury is required to prepare a County Budget and Review Outlook Paper in respect of the County for each financial year and submit the paper to the County Executive Committee by the September 30 of that year. The paper reviews the fiscal performance of the County for the financial year 2021/2022, the updated macro-economic and financial forecasts and deviations from the approved County Fiscal Strategy Paper (CFSP) 2021 and reasons for the deviations.

The contents of the CBROP;

- 1) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year.
- 2) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper.

- 3) Information on any changes in the forecasts compared with the County Fiscal Strategy Paper.
- 4) Information on how actual financial performance for the previous financial year may have affected compliance with the fiscal responsibility principles, or the financial objectives in the County Fiscal Strategy Paper for that financial year.
- 5) Reasons for any deviation from the financial objectives in the County Fiscal Strategy Paper together with proposals to address the deviation and the time estimated for doing so.

The review of County fiscal performance FY 2021/ 2022. The revised estimates for the FY 2021/2022 amounted to Kshs10,656,671,244 where the development budget amounted to Kshs.3,316,193,009 and the recurrent budget amounted Kshs7,372,371,261. Out of the approved estimates the County expended Kshs6,685,907,815 on recurrent while Kshs1,374,406,247 that comprises an absorption of 76%. The FY 2021/2022 was an electioneering period that posed a great challenge in terms of revenue realisation for both local and National exchequer.

The performance of specific revenue types FY 2021/2022 was as follows as listed in the list there; unspent, equitable share, local revenue, grants (total) this one the approved was Kshs10,668,564,270 and the actual was Kshs8,060,314,062. The absorption rate was 76%. The expenditure for the same year FY 2021/2022. Recurrent was Kshs7,372,371,261 and the development total was Kshs3,296,193,009, that comes to a total of Kshs10,668,564,270. The absorption rate was 76%.

The performance of local revenue during the FY 2021-2022; the County government collected Kshs.520, 317,425 against a target of Kshs1,580,000,000. The actual collection was decline of 17% from the previous FY 2020/2021 which amounted to Kshs627,164,598. The low performance is attributed to the following reasons;

- 1) Harsh economic environment in the country caused by high inflation of basic commodities and the prevailing drought situation.
- 2) The spread effect of the Russia-Ukraine war.
- 3) Political interference through incitements to the public not to pay tax.
- 4) Low and poor enforcement mechanisms due to an inadequate legislative framework.

This is the performance of revenue for the previous five years. For the year 2017/2018 the county government managed to collect Kshs423,996,982, year 2018/2019 the revenue was Kshs702,332,003, year 2019/2020 it was Kshs551,677,222, year 2020/2021 the revenue was Kshs627,164,598, year 2021/2022 revenue was Kshs520,317,425. The total for the five years was Kshs2,825,488,230.

Implications of the FY 2022/2023 budget performance. The fiscal year 2022/2023 will be the first year of a new government that will come into power after the general elections. The budget of the FY 2022/2023 will therefore be amended so as to align with a new Governor's manifesto and priorities of a new government. Additionally, the County government must align its priorities with the national agenda and new international agreements of various sectors.

The Committee notes that during the FY 2022/2023, the following macro-economic factors might affect effective budget implementation and full realization of revenue;

- 1) Inadequate forex due to strains in the international trade commodities.
- 2) Increased fuel prices.
- 3) Drought and famine due to delayed rains.

Despite the forecasted challenges, the current regime is addressing local revenue performance through automation and enforcement in efforts to curb leakages and wastages. The local revenue is expected to rise during the FY 2022/2023 and the County Assembly will be strengthening its role in oversight.

Recurrent expenditure will be streamlined through control of the wage bill which have been a challenge to the County resources. Staff productivity shall be enhanced through motivation of the workforce and career development strategies. The budget process will be strictly adhered to by ensuring proper planning and monitoring at all levels. The County Assembly is expecting to get budget documents on time as well as implementation reports. The County government shall mitigate accumulation of pending bills that have prevented effective budget implementation.

Below is the proposed budget framework FY 2023/2024. Equitable Share for the year FY 2022/2023 we expect is Kshs7,180,155,855. For FY 2023/2024 we expect Kshs7,180,155,855, FY 2024/2025 we expect Kshs7,251,957,414, that is the equitable share.

The equitable share CF for the year FY 2022/2023 we expect is Kshs600,000,000. For FY 2023/2024 we expect Kshs600,000,000 FY 2024/2025 Kshs600,000,000. The Local Revenue for FY 2022/2023 we expect is one billion, FY 2023/2024 one billion, FY 2024/2025 is Kshs1.2 billion. We also expect donor grants of Kshs400,000,000 for FY 2022/2023, FY 2023/2024 is Kshs400,000,000, FY 2024/25 is Kshs400,000,000. The total we expect for FY 2023/24 is Kshs9,353,592,328 for FY 2024/2025 is Kshs9,625,393,887.

The County government in estimating revenue has used past where it is expected that equitable share is not fully realised as at June 30, every financial year and thus Kshs600 million is estimated as the balance to be carried forward every financial year.

It is expected that local revenue will be realised at Kshs1billion given the measures that the County government has undertaken such as automation and stringent enforcement rules.

The Committee came up with the following observations; that local revenue affected greatly budget implementation as only 33% of the budgeted was realised. This low performance resulted to neglect on some of the development programs and projects that were crucial in improving the livelihood of the county residents.

The County government has pledged to improve local revenue collection during the FY 2022/2023 and over the medium term. The revenue shall be realised due to automation of the collection System and enforcement measures.

The county government is also focusing on controlling the wage bill that has surpassed the provided threshold of 35% of the total County government revenues. The budget of the FY 2023/2024 is forecasted with considerations of macro-economic factors that could affect the

Country economy and trickle down to County governments. Inadequate forex, international conflicts and the existing drought consist some of the factors to affect realisation of revenues.

Grants and donor funds will continue to supplement County government revenues and counter funding shall be realised accordingly. The County planning and budgeting process shall be strictly followed and adhered to enable achievement effective budget implementation.

Mr. Speaker, my Committee came up with the following recommendations.:-

- a) That the County Executive Committee Member (CECM) in charge of Finance should fully implement the Murang'a County Revenue Collection and Management Act, 2022.
- b) That the County Executive Committee Member in charge of Finance should submit regulations and policies relating to revenue collection to the County Assembly for consideration;
- c) That the County Assembly should enact the following revenue legislation laws to support and facilitate enhance of local revenue:
  - 1) Rating Bill and Valuation Roll.
  - 2) Trade Licensing Bill.
  - 3) Entertainment Bill.
  - 4) Finance Bill.
  - 5) Revenue Administration Bill.
- d) That the County Treasury should set realistic revenue targets so to ensure realistic budgets and avoid pending bills;
- e) That the County Treasury should consider widening the revenue base by exploring new revenue streams.
- f) That the County Treasury should ensure that programmes that are budgeted for by various County departments and in respect of which requisitions are done, are anchored on policies and relevant legislation to increase the absorption rate by departments.

Mr. Speaker, that is all that we did as a Committee and we urge this House to adopt this Report so that we can be able to proceed in the budget making process. With that I call upon member of this committee Madam Sharleen Wambui to second the Motion. Thank you.

**Hon. Sharleen Wambui:** Thank you Hon. Speaker. I rise to second.

*(Question proposed)*

**The Temporary Speaker (Hon. Kamwaga Mwangi):** The Floor is open for debate.

Yes, Hon. Morris, Kiru.

**Hon. Morris Ngunu:** Thank you Mr. Speaker, I rise to support the Report. First would like to commend the Committee for the good work that they have done. It is a very comprehensive Report, clearly outlining the areas that need to be touched.

As a resident of this County Mr. Speaker, I am very concerned about the revenue collection of this County, especially the areas to do with own stream revenue. One, the CECM has to be very creative in order to make sure we are able to surpass or even reach the targeted budget so that we can be able to realize maximally the equitable share that the national government has allocated for this County.

Number two, as we seek to raise our revenue, it is also very important that we balance between collecting tax and at the same time we ensure our people are also not over taxed. One of the areas that can be able to address which I believe this House is now legally awaiting. And one of the key areas I want the CECM to look into is the new revenue streams. It is very unfortunate Mr. Speaker that the highest income that is collected as tax for this County, is coming from is coming from business permits from alcoholic joints. Now that there is a call to reduce the bars and restaurants for this County, it is high time for the Finance Committee to think of other streams for revenue because there is no way we can be collecting money from our people and at the same time killing the generation.

There has been a mushrooming construction of kiosks almost in all sub - counties and towns. They normally call them containers and I think it is high time for finance department to think of how they are going to handle those containers because it is very good, they are easier to construct and build at the same time it is killing the shop owners. What I mean by that Mr. Speaker, it is like we are encouraging construction of small- scale kiosks, killing the issue of business owners who are able to rent shops that generate higher revenues to this County. By that I mean we need proper planning because those kiosks and containers as far as they are paying tax they are coming up at expense of the other business owners. And I think it is high time we think of how we can be able to promote business coming up without killing the conventional business that have been existing.

It is also high time for this County to come up with a legislative policy on how to handle the new marketing way. I will call it the new marketing way of selling products, because they are upcoming companies that have penetrated this County, one of them is Copia. If Copia is all over our County and as at now there is no legislative policy of how much they are supposed to pay; he is almost selling in every village competing with existing kiosk owners that pay tax to this County. And most importantly some of these companies are taking away all the income they are getting from other counties, I think it is also high time to come up with such legislation policy to see how they can be able to protect local traders from such wholesalers.

Number three, is the issue to do with distributors. This County is losing a lot of revenue Mr. Speaker. Allow me to dwell on the revenue because that is the pivot of what we do in this Assembly. There are some distributors who cannot supply goods and services in this County reason being if you drop a crate of *unga* (flour) in one of the shops, your car is clamped and you are supposed to pay a whole year license. It is also high time for Finance and Budget committees to come up with a way of whether these distributors can be able to pay a temporary tax. May be if

they are dropping a tray of eggs in Gitugi and routing to Nyeri they do not need to pay Kshs20,000 for the whole year for them to work in this County.

Finally, I want to commend the Executive of this County on the measures that they have taken in regards to see how the revenue is going to go up and we can only support them as an Assembly because if we raise higher revenue, it is for the best interest of all of us. Thank you.

**The Temporary Speaker (Hon. John Kamwaga):** Hon. Kamunyua.

**Hon. John Munyua:** Thank you Mr. Speaker, though I have always said for the purposes of record I am Hon. John Kamau Munyua, MCA Gaichanjiru.

**The Temporary Speaker (Hon. John Kamwaga):** Noted

**Hon. John Munyua:** And I would really like to say my senior has talked a lot, that should be in record our Chair Budget and also as a Member of Finance, it is worth noting. And I stand to support though our Chair Budget was reading some other documents that we didn't have. There is a page that is missing, I don't know why? So, I would like to say that we must learn to live within our means as a County. We have a budget that we are able to sustain and we will be able to avoid these deficits and pending bills and have that targets that are achievable. We cannot have a target of Kshs1.5Million and as per the law we should have a target from last financial audited reports.

So, I will urge our Budget Chair to know that the revenue targets are not achievable as per now but maybe if you use the methods that Hon. Morris has said we can get there. I would also like to say in the matters of absorbing our budget, I can see there is a serious problem when it comes to recurrent. Things like salaries and some other things, they are very quickly being absorbed but when it comes to development it is at 42 percent. Why do we have to have that? Maybe we have a problem with the people who are working. I believe we have a new team in office let them get inducted in the matter to do with Integrated Financial Management Information System (IFMIS). If you are unable to raise your bills in time, the system closes and the time is running out. So, this is a challenge and should be communicated so that we can get to the destined; what we are purposing to do.

And also, as a House, we need to enact this Finance Bill as soon as possible. I think we are living on an illegality and it is high time we get this Bill, we put our input and we see the way forward.

So, all these things with good will as a people, as a team, people who hold Murang'a in a very big way, we want to see it move to the other level that will be of importance and to help our people and be able to cater for things like drugs, of which are lacking now in our hospitals. In fact, that should be raised as a Statement; we do not have drugs in our dispensaries. If we want to achieve this, let us use the methods that are practical and they are there and we will get there as time goes on. So, with that I support the Motion and I would really like to say we are heading in the right direction and we will get there soon. Thank you.

**The Temporary Speaker (Hon. John Kamwaga):** Hon. Gathe Wa Njeri from Gatari.

**Hon. Gathe Wa Njeri:** Thank you Mr. Speaker for the chance. One, I would like to commend the good job the Committee is doing as far as this review is concerned. Secondly, we

have noted the improvement in the collection and we are hoping to go to a good place in future. Otherwise, we also have some other avenues which have not been explored, for example, in my own area and other different areas such as Gitugi, you will see there are some people who even have stands there and some of them are not paying anything to the government. Maybe, we can help through various Committees and see where we can get other avenues which we can bring more resources to our County so that we can get more development compared to payment of the recurrent expenditures.

Otherwise, I stand to support the Motion. I would also like to get some guidance about Hon. Sharleen's dressing code, whether it is the right way because we keep on learning every day. Thank you.

**The Temporary Speaker (Hon. John Kamwaga):** Thank you, Hon. Member. Hon. Sharleen, the way you are dressing is not parliamentary and kindly, let us always keep the dress code to be decent as is required by our Standing Orders. I now call the mover to respond.

**Hon. Charles Machigo:** Thank you Mr. Speaker, I thank those Members who have contributed and supported this Motion and as the chairperson of this Committee, I am very impressed with the way Members are following up the budget making process.

About the concern of Hon. Morris on revenue collection and revenue streams and legislative laws that will govern our trading within our County and the temporary taxes, I am assuring the Member of Kiru ward that this Committee will make sure that all those concerns that he have raised will be taken care of.

Hon. Munyua from Gaichanjiru, I will assure you that this Committee will make sure that all that which you have raised in terms of own source revenue and the absorption rate that is the recurrent and development budget absorption, we are going to make a follow up so that we may be receiving quarterly Reports so that we can be able to see how they are absorbing.

The other one is what the Honourable raised issue regarding that we are not reading from the same script. I understand that each and every Member in this House has a copy and what I was doing, I was just highlighting whatever is in the Report, I was not reading. Maybe you should understand that I was not reading, I was highlighting the whole Report maybe that is why you saw as if we are not reading from the same script.

The other concern about drugs in our hospitals and enhancing our revenue streams, I can see each and every Member is concerned about our revenue streams. Hon. Gathee let me assure you that we are going to improve on our own source revenue. I will appeal to each and every Member, this is a critical situation where now we are in budget making process. Remember Members we are implementing the previous government budget. It is important now Members that we make sure that we follow the budget making process so that you can be able to make your input during this financial year 2023/2024 budget. Make sure you make a follow up so that you can be able to give your input so that all your concern can be noted in the budget.

With that I thank all the Members for the contribution and I urge the Members to vote for the adoption of this Motion. Thank you.

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*(Question put and agreed to)*

**ADJOURNMENT**

**The Temporary Speaker (Hon. Kamwaga Mwangi):** Honourable Members, there being no other Business this House now stands adjourned until tomorrow Thursday, April 6, 2023 at 2:30 p.m.

*The Assembly rose at 3:15 p.m.*