

# THARAKA NITHI COUNTY ASSEMBLY

## THE HANSARD

10<sup>th</sup> February 2021

*The County Assembly met at the  
County Assembly chambers in Kathwana at 11.30am  
[The Deputy Speaker (Hon. John Njagi Mucee) in the Chair]*

## PRAYERS

**Hon. Deputy Speaker:** Honourable members, get seated. Next Order.

## COMMUNICATION FROM THE CHAIR

**Hon. Deputy Speaker:** I welcome you to our today's sitting.

## STATEMENTS

### STATEMENT ON NITHI WATER AND SANITATION COMPANY (NIWASCO)

**Hon. Deputy Speaker:** Yes, honourable Godfrey Muchiri.

**Hon. Muchiri:** Mr Speaker, I rise on standing order No 55(1)(a) whereby I seek statement from the Chairperson committee on water, environment and natural resources. We have concerns that the Nithi Water and Sanitation Company (NIWASCO) is asking clients to furnish them with Title deed whenever they apply for a new water connection meter. It is noted that they are families that are yet to subdivide their ancestral land hence several households own only one Title deed. Others do not have Title deeds, you find may be their land has a case and they are in the process of succession hence they cannot access Title deeds. That is why I seek a statement from the Chairperson committee on water environment and Natural resources to respond to the following;

1. Why are the Title deeds required and already people have their land and the Title deed is not one of the necessities when one applies for water connection?

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

2. What will happen to those who have a joint Title deed.
3. What will happen to those who lives in an ancestral land and they do not have Title deeds.

Honourable Speaker, that is the statement that I am seeking from the Chairperson. Thank you honourable Speaker.

**Hon. Deputy Speaker:** Thank you honourable Muchiri Godfrey Murithi. I refer the Statement to the Chair Committee on water, environment and Natural resources.

*(Hon Margaret stood at her place and bowed to acknowledge)*

Thank you honourable Margaret Gitari.

*(Interjection)*

**Hon. Muchiri:** Honourable Speaker, the Chairperson has not committed herself on the date I will get the response for the statement.

*(Laughter)*

**Hon. Deputy Speaker:** Thank you honourable Muchiri for your active participation. Yes, honourable Margaret Gitari Chairperson committee on water, environment and Natural resources. How many days do you wish to get the response?

**Hon. Margaret:** I am requesting for 21 days so that I can give a comprehensive response.

**Hon. Deputy Speaker:** Thank you. Honourable Godfrey Murithi, is that comfortable with you?

**Hon. Muchiri:** I am comfortable honourable Speaker.

**Hon. Deputy Speaker:** Thank you. Proceed.

#### STATEMENT ON UNIVERSAL HEALTH CARE

**Hon. Muchiri:** Mr Speaker, I rise pursuant to standing order No 55(1)(a) to seek a Statement from the Chairperson committee on Health services. In September 2018, the County Government of Tharaka Nithi launched the Tharaka Nithi universal health care in partnership

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

with the National Hospital Insurance fund (NHIF) where the County Government would fund the registration of 20,000 households in the County. In the statement, the Chairperson committee on health services is to respond on the following;

1. What was the criteria of identifying the needy households within the County and if this program is still ongoing or it was short-lived?
2. How many households have benefited from the program three years down the line?
3. Who are the beneficiaries of the program?

Honourable Speaker, our County is very good when it comes to records. They therefore need to provide us with a list of the beneficiaries and their details so that we can know those who have benefited and how they benefited and how they were identified. Thank you honourable Speaker.

**Hon. Deputy Speaker:** Thank you honourable Godfrey Muchiri. I refer the statement to the committee on health services.

**Hon. Charles Nyaga:** Thank you Mr Speaker but there is something I would like to clarify. One, I wish to respond within three weeks' time. Two, there are two types of universal health care. There is one which was launched by Tharaka Nithi county,

*(Interjection by Hon. Deputy Speaker)*

**Hon. Deputy Speaker:** Honourable Chair, what you are explaining should come in your response. What we want to know is the time span you wish to have to respond to the statement.

**Hon. Nyaga:** 21 days Mr Speaker.

**Hon. Deputy Speaker:** Thank you honourable Charles Nyaga. Are you comfortable with 21 days honourable Muchiri?

**Hon. Muchiri:** I am comfortable Mr Speaker

**Hon. Deputy Speaker:** Thank you honourable Muchiri.

## MOTIONS

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

ADOPTION OF THE REPORT OF THE COMMITTEE ON FINANCE, BUDGET AND APPROPRIATIONS  
ON COUNTY BUDGET IMPLEMENTATION REPORT FY 2019/2020 AND THE COUNTY BUDGET  
REVIEW AND OUTLOOK PAPER 2020

**Hon. Deputy Speaker:** Yes, Chair budget.

**Hon. Muchiri:** Thank you honourable Speaker. I rise to move a Motion on the report of the select committee on finance, budget and appropriations on the County Government budget implementation report financial year 2019/2020 and the County budget review and outlook paper 2020.

Honourable Speaker, with your permission, allow me not to go through the membership and also the mandate of the committee but with your permission, allow me to go to the background on the issue of budget implementation report financial year 2019/2020 and the County budget review and outlook paper financial year 2020 which was laid on the table of the house and was committed to the committee on finance, budget and appropriations for considerations and later table a report with recommendations in the Assembly and that is why I am tabling this report in the house. Honourable Speaker, Article 228(6) of the Constitution of Kenya and Section 9 of the Controller of Budget (COB) ACT, 2016 require the Controller of Budget to submit to each house of Parliament a report on the implementation of the budgets of national and county governments every four months.

The report presents status of budget execution by the 47 counties and contains information on budgets, revenue, expenditure and challenges encountered in budget execution during the reporting period. The County Budget Review and Outlook paper (CBROP) is prepared in line with the Public Finance Management Act, 2012 section 118. The Act requires that every county prepares a CBROP by 30<sup>th</sup> September of that financial year and submit the same to the County Assembly.

The Act states that in preparing its county Budget Review and Outlook Paper, the County Treasury shall specify and this is what we looked at;

- (a) The details of the actual fiscal performance in the previous year compared to the budget appropriation for that year;
- (b) The updated economic and financial forecasts with sufficient information to show changes from the forecasts in the most recent County Fiscal Strategy Paper;
- (c) Information on

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

- (i) Any changes in the forecasts compared with the County Fiscal Strategy Paper; or
- (ii) 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; and
- (d) 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 Budget Review and Outlook Paper functions as a year-end report as it provides an assessment of budget performance from the previous financial year. As they are produced almost three months after the end of the financial year, the government has a good sense of the successes and challenges in implementing the previous year's budget.

It also provides an update on the government's fiscal position for the first quarter of the current financial year. In February, prior to the start of the fiscal year, the government provides a projection for the current year in the County Fiscal Strategy Paper. Six months later, the Budget Review and Outlook Paper indicates whether the government's projections have turned out to be correct or not.

Finally, it plays a key role in setting the share of the budget that will be distributed to different sectors for the next financial year. The Budget Review and Outlook Paper proposes "provisional ceilings" (maximum shares) for each sector, and the government organizes sector hearings between November and January to revise this proposal. The revised ceilings are published in February in the County Fiscal Strategy Paper. Honourable Speaker, allow me to say that when we were going through the CBROP as a committee, we had some findings and I can mention that section 118 of the public finance management Act 2012, mandates the county treasury to prepare their county budgets review and outlook paper (CBROP) for each financial year and submit the document to the County Executive committee by the 30<sup>th</sup> September of that year. The county Executive committee should consider the county budgets review and outlook paper (CBROP) with a view of approving it with or without amendments within fourteen days after it's submission. The county treasury should then table the CBROP before the County Assembly by 21<sup>st</sup> of October each year and publicize the document as soon as it is practicable after the tabling it before the Assembly. The CBROP has three important functions. Honourable Speaker I do not think there is need of going through them because I had already read in the previous page. When it comes to the position and the report on

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

assessment of the previous years and also the issue to do with ceilings. With that, the draft CBROP 2020 review for the performance of fiscal year 2019/2020 that ended on 30<sup>th</sup> June 2020. The performance review 2019/2020, the CBROP details performance of three sources of revenue; we have equitable share i.e. the share that the ordinary revenue collected at the National level that is shared equitably among the counties, we have the conditional grants and also own source revenue i.e. the revenue collected from local sources. Since we have the document, we have the table that shows the performance of the three sources in the financial year 2019/2020. We have the equitable share that we got from the National Government for that year. In the table we have what we realized, deviation and the performance. With your permission, allow me to go to the table itself.

*(Interjection by Hon. Speaker)*

**Hon. Deputy Speaker:** Permission granted.

**Hon. Muchiri:** The table is well stipulated.

<b>Item</b>	<b>Approved</b>	<b>Revised</b>	<b>Realized</b>	<b>Deviation</b>	<b>% performance on target</b>
Equitable Share		3,924,600,000	3,587,084,400	- 337,515,600	91.4%
Conditional Grants		677,730,450	529,648,881	- 148,081,569	78.2%
Own Source Revenue		350,000,000	271,605,362	-78,394,638	77.6%
Unspent Bal from previous FY		166,743,356	91,651,102	-75,092,254	55.0%
<b>Total Revenues</b>		<b>5,119,073,806</b>	<b>4,479,989,745</b>	- <b>639,084,061</b>	<b>87.5%</b>

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

The following were the observations on revenue performance. Revenue from Equitable Share failed to meet its target by Kshs. 337,515,600. This was attributed by fall of revenues nationally due to COVID-19 negative impact on the economy. It is not only in our County but also at the National level and other counties.

County Own Revenue failed to meet its target by Kshs. 78,394,638. Despite this County Own Source Revenue as continued on a positive trajectory compared with the previous years. Underperformance was attributed to incomplete mapping of revenue streams, delay in passing the requisite legislations regulating liquor business and continuing legal battles.

Conditional Loans and Grants showed underperformance by Kshs. 148,081,569. This was attributed to delay in disbursement of some of the loans and grants. Table 5 of the CBROP provides a detailed report on performance of conditional loans and grants.

There is a general observance that the challenges that affected the County Own Revenue and Conditional Loans and grants were the same in 2018/19 and 2019/20 and the measures proposed to address them are similar. This shows that these problems are recurring and the County is yet to address them. As a committee, we advised the Executive with a lot of concern to avoid recurring challenges.

The CBROP provides overall performance in expenditure by the county sectors inclusive of the County Assembly.

Total expenditure decreased from Kshs. 4,778,808,329 in 2018/19 to Kshs. 4,245,770,182 in 2019/20, a reduction of 11%.

Honourable Speaker, we have a table there. On absorption rate, our absorption rate was good compared to other neighbouring counties.

Expenditure	FY 2018/19			FY 2019/20		
	Target	Actual	% Absorption	Target	Actual	% Absorption

Recurrent	3,542,938,295	3,430,640,693	97%	3,650,440,342	3,083,230,038	84%
Development	2,178,057,408	1,348,167,636	62%	1,468,633,464	1,162,540,144	79%
<b>Total</b>	<b>5,720,995,703</b>	<b>4,778,808,329</b>	<b>84%</b>	<b>5,119,073,806</b>	<b>4,245,770,182</b>	<b>83%</b>

In the year 2018/2019, the recurrent absorption was 97% while 2019/2020 it was at 84%. On development, the absorption rate was 62% and 2019/2020, it was at 79% and that shows that the development had improved compared to the previous year in terms of payments.

Poor performance in both recurrent and development expenditure affects service delivery. The County notes a general underperformance in the development budget across all its sectors in the financial year 2019/20 where development expenditure accounted for Kshs. 1,162,540,144 against a target of Kshs. 1,468,633,464 (or 21% deviation from the target). The reason given for the underperformance in the CBROP is “lack of requisite legislation to facilitate disbursement” and “delayed procurements by the implementing agencies.” These same challenges were also mentioned in the CBROP for financial year 2018/19. The 2019/20 CBROP did not provide an explanation of how these recurring issues are going to be addressed.

On the expenditure per department, the total expenditure by sectors was Kshs. 4,245,770,182 against a target of Kshs. 5,119,073,806 (17% deviation from the target). The total County expenditure was affected by the underperformance in both recurrent and development expenditure across all sectors. The table 7 and table 8 of the CBROP shows the best and worst performing areas based on budget absorption (total expenditure against target). We have the updates on fiscal expectations for 2020/2021

Total revenue projections have been adjusted upwards in the CBROP to Kshs. 5,383,707,353 from Kshs.5,140,212,896 proposed in the County Fiscal Strategy Paper. Total expenditure

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*



projections are also increasing from Kshs. 4,986,339,952 projected in the CFSP to Kshs. 5,383,707,353 in the CBROP. Despite the underperformance in revenue at the end of FY 2019/20.

Development budget is revised upwards from Kshs. 1,398,625,100 in the CFSP to Kshs. 1,801,957,100 in the CBROP. Recurrent expenditure has been reduced in in the CBROP to Kshs.3,581,750,253 from Kshs. 3,587,714,852 in the CFSP. There is no explanation provided in the CBROP on which sectors will be reduced to achieve this.

On provisional ceilings and justifications,

The CBROP provides provisional ceilings' (maximum shares) going to all county sectors in the next financial year. These ceilings are later subjected to sector hearings where the public and other stakeholders give their views on these ceilings before they are finalized in the County Fiscal Strategy Paper.

Table 12 in the CBROP 2020 contains the provisional sector ceilings for FY 2021/22 and the medium term. Information from table 12 of the CBROP 2020 shows that Medical Services department, Roads, Transport and infrastructure department, and Agriculture department will be getting most funding, thus the assumption that they are considered the most priority areas.

On Adherence to Fiscal Responsibility Principles

Section 107 of the Public Finance Management Act provides principles of fiscal responsibility to ensure prudent and transparent management of public resources. The PFM law under Section 107 states that:

The County government recurrent expenditure shall not exceed the county government's total revenue.

1. Over the medium term a minimum of 30% of the county government's budget shall be allocated to development expenditure.
2. The county governments expenditure on wages and benefits to employees shall not exceed a percentage of the county government's total revenue by regulations.
3. Over the medium term, the government's borrowings shall only be used only for the purpose of financing development expenditure only; and short-term borrowings shall only

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

be restricted to management of cash flows and shall not exceed five (5%) of most recent audited county government revenue,

4. The County debt shall be maintained at a sustainable level as approved by County assembly.
5. Fiscal Risks shall be managed prudently
6. A reasonable degree of predictability with respect to the level of tax rates and tax bases shall be maintained, considering any tax reforms that may be made in future.

How the County Government Performed in fiscal principles;

Honourable Speaker allow me to skip this section because it is already in the CBROP and the members have it.

**Hon. Deputy Speaker:** Allowed.

**Hon. Muchiri:** In conclusion honourable Speaker,

1. There was a general underperformance in revenue and expenditure, especially local revenue realization, and development budget absorption performance in financial year 2019/20.
2. The County has been setting unrealistic revenue targets and projections which it has been unable to meet over the years and is unsure if it will be able to meet them in the medium term.
3. Local revenue has showed a positive performance in the last three financial years.
4. The County had not fully complied to fiscal responsibility principles as provided for in the Public Finance Management Act.

Honourable Speaker, we had submissions by the County Executive committee member in charge of finance. On Monday 25<sup>th</sup> January, 2020 the Committee held a meeting with the County Executive Committee Member in charge of Finance who responded as follows to the concerns raised by the Committee. It is important to go through what the Executive committee member told us on the challenges facing revenue collection.

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

County Treasury has instituted revenue audits that will be carried out on quarterly basis in addition to periodic reports: daily, weekly, monthly and quarterly reports. This will ensure periodic reconciliations and possible detection of revenue leakages

The Finance Bill 2021. The post-COVID 19 strategy proposes a raft of activities that promote economic empowerment. Therefore, the finance bill 2021 will review some of the existing legal framework to provide for enforcement measures including establishing special court or arbitration process. This will increase the speed at which the cases on revenue enforcement are completed.

The liquor legislation has already been submitted to the County Assembly for consideration. We request the Honourable House to fast-track its approval. I believe Honourable Speaker, soonest possible, it will be brought to this Honourable house by the Chair trade and the members will have time to go through it. We have the balances brought forward

Regarding to unspent balances brought forward the actual amount as per the Audited Financial Statement FY 2018/19 was Kshs 91,651,102. The figure indicated on the budget of Kshs 166,743,356 was based on unreconciled figures derived from draft Financial Statements before they were audited. The reconciliation included exclusion of balances from Conditional Grants that were not returned to CRF but had been included as part of the balances brought forward in the budget. These grants included KUSP, RMLF, KCSAP, KDSP and World Bank-THS which had a total balance of Kshs 75,092,254. This was corrected through prior-year adjustments to reflect correct balances.

On Status on Substantive Laws. This is one of the challenges that has been experienced in the previous years

The following laws are at various levels of drafting which I believe the Executive will bring them in this house so that they can cater for financing. We have

- a. Revenue Administration Collection and Management Act
- b. County Trade Licencing Act
- c. Trade and Market Act
- d. County Tax Waiver Administration Act
- e. County Outdoor Advertising Act
- f. Market, Farm Produce and Cereals Act

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

- g. Betting, Lotteries and Gaming Act
- h. Public Entertainment and Amenities Act
- i. Way Leaves Act
- j. Valuation and Rating Act
- k. Management of Quarrying Activities Act

Mr Speaker, allow me to go through the recommendations because this is one of the most important areas.

**Hon. Deputy Speaker:** Permission granted.

**Hon. Muchiri:** Having considered the County Budget Review and Outlook Paper 2020 the County Assembly Committee on Finance, Budget and Appropriations recommends as follows:

- i. That County government should engage the national treasury in ensuring that the equitable share and conditional loans and grants are expedited on time to allow the County Government to realize it's revenues on time for smooth implementation of the budget;
- ii. The County government sets realistic revenue targets when budgeting to avoid the issue of underfunding projects, resulting in pending bills;
- iii. The county government to complete its revenue mapping streams and engage the County Assembly to ensure that there is timely passing of requisite revenue legislations;
- iv. On expenditure under performance – the departments should develop work plans that should be aligned to their cash-flows to avoid under absorption of funds by departments;
- v. On Departmental Ceiling projections for FY 2021/22 the Committee recommends an increase in the County Assembly recurrent budget ceiling from Kshs. 423 Million to Kshs. 500Million to pay pending bills projected at 40 Million by the end of this financial year, cater for the growing wage bill, and the increasing cost of operations and maintenance. The pending bills projections are as a result of pending bills brought forward from financial year 2019/20 which have affected the budget for financial year 2021/22.

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

- vi. According to the controller of budget implementation report of FY 2019/20 some departments failed to absorb funds they had requested thus denying other needy departments fund to implement their budget. The Committee recommends that the County treasury should put into consideration how the departments absorbed funds allocated to them when projecting the departmental ceiling.

In Conclusion, it is the Committee's humble submission that the House adopts its report on the County Budget implementation report 19/20 and the County Budget Review and Outlook Paper 2020. That is the submission by the committee.

I move, and I request honourable Karen to second the Motion.

**Hon. Deputy Speaker:** Thank you honourable Godfrey. Yes, honourable Karen.

*(Hon. Karen stood on her place and bowed to second)*

**Hon. Deputy Speaker:** Honourable members, I propose the question that the House adopts the report of the committee on finance, budget and appropriations of the County budget implementation review report for financial year 2019/2020 and the county budget review and outlook paper 2020. I now open the debate. Yes, honourable Karen.

**Hon. Karen:** I support.

**Hon. Deputy Speaker:** Yes, honourable Gitonga Leonard.

**Hon. Gitonga:** I support.

**Hon. Deputy Speaker:** Yes, honourable Anita.

**Hon. Anita:** Thank you Mr Speaker. Because of the combination Number five, I support the adoption.

**Hon. Deputy Speaker:** Thank you honourable Anita. Yes, honourable Margaret Gitari.

**Hon. Margaret:** Thank you Mr Speaker. I want to thank this committee for coming up with a very rich report and this report has touched on many areas and the most important area that I have heard and I have always been fighting for, is to continue increasing money for development. I have realized from the report that development money has been increased

**Disclaimer:** *The electronic version of the Official Hansard Report is for information purposes only. A certified version of this Report can be obtained from the Hansard Editor through the Office of the Clerk*

from 400 to 500 and that one is a plus Mr Speaker. I want to urge the committee to work on these pending bills since it is a thorn in fresh.

Honourable Muchiri has mentioned the department of water. It is true, when I asked about water in the last financial year, I was told that the money that was budgeted for was never used to do the actual work on the ground. Instead, it was used to pay pending bills. Let us be very keen on the pending bills so that we avoid having it in this financial year. The report is good and I support.

**Hon. Deputy Speaker:** Thank you honourable Margret Gitari. Yes, honourable Asumpta.

**Hon. Asumpta:** Thank you Mr Speaker Sir. I want to thank the committee for coming up with this good report. The report is self-explanatory and I support.

**Hon. Deputy Speaker:** Thank you.

*(Loud Consultations)*

I now put the question.

*(Question put and agreed to)*

## **ADJOURNMENT**

**Hon. Deputy Speaker:** Honourable members, there being no other business on the Order Paper, the House stands adjourned until the next sitting. Thank you.

*\*\*\*The House rose at 12:04pm\*\*\**