



## NAIROBI CITY COUNTY ASSEMBLY

### OFFICIAL REPORT

#### Second County Assembly – Second Session

Tuesday 26<sup>th</sup> June, 2018

The House met at 2.30 p.m.

*(Hon. Speaker (Ms. Beatrice Elachi) in the Chair)*

#### PRAYERS

*(Loud Consultation)*

**Hon. Speaker:** Order! Hon. Mark I will throw you out. Order Kathundo! I will throw you out. Hon. Members can we sit! Hon. Members today is the day of Nairobians and they are waiting to hear the budget that we want to give them. I want to state that any Member who will shout now will be thrown out by Serjeant-at-Arms, because we must do this budget for Nairobi. Hon. Ngesa I have finished. Clerk proceeds!

#### PAPERS

**Hon. Speaker:** Chair!

**Hon. Robert Mbatia:** Madam Speaker, Pursuant to Standing Order 191 (6) I beg to lay the following paper on the Table of the Assembly today Thursday 26<sup>th</sup> June, 2018 this being the seventh report of Select Committee on Finance Budget and Appropriation on the second supplementary estimates for the financial year 2017/2018 for the Nairobi City County Government and Nairobi County Assembly. I beg to lay Madam Speaker.

**Hon. Speaker:** Proceed with the second one.

**Hon. Robert Mbatia:** Thank you Madam Speaker, Pursuant to Standing Order 191 (6) I beg to lay the following paper on the Table of the Assembly today Thursday 26<sup>th</sup> June, 2018 this been the Sixth Report of Select Committee on Finance Budget and Appropriation on the consideration of the revenue and the

---

**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.*

expenditure estimates for the Nairobi City County Government and Nairobi County Assembly for the financial year 2018/2019. I beg to lay Madam Speaker.

### NOTICES OF MOTION

**Hon. Speaker:** Chair do you have Notices of Motion.

**Hon. Robert Mbatia:** Thank you Madam Speaker, I beg to give notice of the following that this Assembly adapts the Seventh Report of Select Committee on Finance Budget and Appropriation on the second Supplementary Estimates for the financial year 2017/2018 for the Nairobi City County Government and Nairobi County Assembly, laid on the Table of this Assembly today Tuesday 26<sup>th</sup> June, 2018.

Madam Speaker I continue. I beg to given notice of the following Motion; That this Assembly adopts the Sixth Report of the Select Committee of the County Finance, Budget and Appropriation Committee on the consideration of the revenue expenditure estimates of the Nairobi City County government and the Nairobi County Assembly for the financial year 2018/2019 laid on the Table of the Assembly today Tuesday 26<sup>th</sup> June 2018.

### STATEMENTS

**Hon. Speaker:** Hon members I will defer the statements and we will do it tomorrow due to limited time. Majority Leader to proceed!

### MOTION

**Hon. Abdi Hassan:** Thank you Madam Speaker, I stand under Standing Order 226 to request your indulgence to defer order 8, 9 and 10 so that we can allow the CEC Finance to make public pronouncement on matters pertaining the budget thank you.

**Hon. Speaker:** Thank you Majority Leader. Hon. Members, the Hon. Leader of Majority party rose on a Point of Order and he is perfectly right at this point. I wish to interrupt the business of the Assembly. Hon. Members' part of the Assembly consideration of the annual budget process is the presentation of the public pronouncement of the policy highlights which are contained in the budget by the CEC Finance and Economic Planning.

More importantly the pronouncement also includes revenue raising measures which are proposed by the CEC Finance and Economic Planning to support the budget. Hon. Members section 132 (1) of the Public Finance Management Act 2012 read together with Standing Order 226 (1) requires that each financial year the County Executive Member of Finance shall within the approval of the County Executive Committee make a pronouncement of the revenue raising measures for the county government.

Further Standing Order 224 relating to designation of a place in the Chamber for the County Executive Committee Member and other persons provides that Speaker may designate a suitable place in the Chamber for the purpose of admitting the County Executive Committee Member responsible for Finance to make a public pronouncement of the County Budget policy highlights and revenue raising measures for Nairobi City County government as contemplated under section 134 of the Public Finance Management Act 2012.

In this regard and in fulfillment of the requirement of the law and our Standing Orders, I have designated a suitable place in the Chamber to the right of the Speaker's seat and adjacent to the public servant benches to enable the CEC of Finance and Economic Planning to discharge his obligation in compliance law. Further Standing Order 226 (2) provides that on the same date that the budget policy highlight and revenue raising measures are pronounced the member of the county executive committee responsible for finance shall submit to the county assembly a legislative proposal setting out the revenue raising measures for the county government together with a policy statement expounding on this measures.

Under Standing Order 263 the rules provide that whenever the County Executive Committee Member responsible for Finance makes a public pronouncement under Standing Order 226 the Speaker shall not allow any question or clarification to the statement by the County Executive Committee Member. Accordingly Hon. Members, the County Executive Committee Member shall be heard in silence. Hon. Members I now invite Mr. Charles Kerich the CEC for Finance and Economic Planning to occupy the seat next to the Speaker and make pronouncement of the budget policy highlight and revenue raising measures to the County government for the financial year 2018/2019. Mr. Kerich you are welcome.

#### PRONOUNCEMENT OF BUDGET HIGHLIGHTS

**Mr. Speaker:** Hon. Kerich, you may proceed.

**Mr. Charles Kerich:** Hon. Speaker, Chairman of Budget Committee and all Hon. Members, It is my honour to present to this Assembly the policy highlights of the budget for the fiscal year 2018-19. Madam Speaker before I proceed, I wish to take this opportunity to express my appreciation to the Budget and Appropriations Committee and other sectoral committees of the Nairobi City County Assembly in steering the review of the 2018-19 Budget Estimates.

Madam Speaker this is the first budget after the August 2017 General Elections, under the strong and wise leadership of H.E. the Governor Hon. Mike Mbuvi Sonko. The government is committed to turn into reality the vision of making Nairobi the City of Choice to invest, work and live in. This budget spells out the first year implementation of the County Integrated Development Plan (CIDP) 2018-22. The plan seeks to deliver eight key outcome areas namely:

- Provision of quality physical infrastructure in the City;
- Provision of economic growth opportunities to diverse groups including youth, women and persons with disabilities (PWDs);
- Provision of reliable, accessible, quality and affordable healthcare;
- Provision of accessible, affordable and quality ECD and vocational opportunities for all;
- Promotion of food and nutritional security for all;
- Promotion of good governance, public participation and the rule of law;
- Increased access to affordable and quality housing; and
- Provision of clean energy safe drinking water, waste management and sanitary services in a secure sustainable environment.

Madam Speaker, in making the vision for this great City a reality, we are confronted with many challenges. These are the challenges that we must deal with together in order to realize the promises we made to our people. The people of Nairobi have bestowed upon us huge responsibilities and we must roll up our sleeves and get down to work.

Madam Speaker, the programmes we are undertaking in the fiscal year 2018-19 aims to build on the gains made so far. In particular, the strategies to be employed in the coming year include:

- Completion of the ongoing infrastructure projects;
- Improve access to quality and affordable healthcare;
- Improve the business environment;
- Promoting urban agriculture to enhance food security;
- Job creation; as well as
- Cleaning the environment.

Madam Speaker, the County relies on transfer from the National government and revenue collected from rates, business permits, parking and other fees and charges. An increase in these fees has a direct impact on the cost of doing business. In the 2018-19 fiscal years, I will be outlining measures aimed at improving and enhancing efficiency in revenue collection to finance our budget.

Madam Speaker, the population in Nairobi has been on an upward trend and this means increased demand for services. The cost of service delivery is growing faster than growth in revenues. This calls for deliberate measures to use resources available in the most efficient and effective manner to achieve desired results.

Madam Speaker, faced with an increasingly high demand for services, we shall seek to focus our energy in optimization of resources at our disposal in order to get the best results for the people we serve. Madam Speaker, the rest of my speech will focus on the key budget highlights.

#### GOVERNANCE AND PUBLIC SAFETY AND SECURITY

Madam Speaker, the importance of good governance, public safety and security cannot be overemphasized. Fore enhanced service delivery the County government is committed to taking services closer to the people by revitalizing the Sub-County administration to ensure services reach the people at the Ward level. This will be achieved by utilizing the existing County facilities to establish more Ward offices.

In addition Madam Speaker, the County will continue to deepen financial management reforms to ensure fiscal discipline and seal loopholes that lead to inefficient use of public resources. In particular, the government will leverage on the Information Technology to ensure automation and integration of all services through procurement of an Enterprise Resource Planner (ERP).

Madam Speaker, security is one of the major prerequisites for a good business environment. The Government has continued to make investments in lighting of the City to improve security. This is being done in collaboration with the National Government.

I will move to the transport and infrastructure Madam Speaker. In order to achieve the objective of having world class infrastructure, the County Government will continue to invest heavily on roads, traffic management and non-motorized transport facilities. The County Government will also continue to cooperate with other road agencies involved in this sector to improve the condition of our roads. This includes the Kenya Urban Roads Authority, the Kenya National Highways Authority, the Kenya Rural Roads Authority and the Kenya Road Board.

Madam Speaker, to decongest the City, the National Government is undertaking expansion of major roads. The dualing of Outering road is near completion and work on Ngong is ongoing. Further, we are working in partnership with the National Government to fast-track the Nairobi mass rapid transport system. Madam Speaker, safety of motorists and pedestrians remains a top priority of the Government. I have

allocated resources for development of public transport, bridges and non-motorized facilities. Madam Speaker, the impetus for devolution was for greater political self-determination and participation. To enhance this, the County will allocate resources for Ward Development Fund Projects in the year 2018-2019 in accordance with the Ward Development Fund Act.

*(Applause)*

The purpose of the programme is to address various development challenges at the grassroots in consultation with the public. The responsibility of identifying these projects lies with the people at the Ward level.

On food, security and enterprise development Madam Speaker; agriculture sustains the economy and the livelihoods of our people. Across the County, many residents and especially the youth have taken to agriculture for production and generation of incomes through agribusiness. This has not only created jobs but also enhanced food security.

In this regard Madam Speaker, we need to continue investing more resources to provide extension services, training of farmers on value addition and lowering the cost of agricultural production. In support of this, the agriculture, veterinary and fisheries sector has been allocated funds for the installation of green houses and water tanks, construction of poultry units, establishment of animal shelter, clinic, laboratory and animal burial facility, construction of fish ponds and installation of milk dispensers.

Madam Speaker, provision of trade facilities to our people will go a long way in creating jobs and ultimately improve the quality of life. In the fiscal year 2018-2019, the County committed substantial resources in rehabilitating all the markets. In addition, we need to increase the capacity by expanding the existing markets and developing new ones in the County. This will provide trading platforms for our people for exchange of goods and therefore spur growth and employment opportunities. To this end, resources have been provided in the budget for expansion and rehabilitation of various markets.

Madam Speaker, the County government continues to invest heavily in improving health care. We propose to allocate the Health sector 21% of the available resources.

*(Applause)*

This underscores the importance the County attaches to delivering quality and affordable healthcare services. This allocation will cater for medicines, infrastructure, personnel, equipment, and public health surveillance. Specific resources have been allocated to enhance service delivery for non-communicable diseases, nutrition, TB, Malaria and HIV/Aids programs. We have also allocated funds to set up trauma and emergency units in the four County hospitals of Mama Lucy, Pumwani, Mbagathi and Mutuini. This will help to decongest Kenyatta National Hospital which will soon become a strictly referral hospital.

Madam Speaker, on Water, Environment and Sanitation, the importance of access to safe and reliable water to our people cannot be overemphasized. While Nairobi Water and Sewerage Company has continued to expand provision of water services, this vital resource remains out of reach to many Kenyans

and especially those in the informal settlements. The targets for the medium-term is to expand water infrastructure, enhance supply and grow access to safe portable water to households.

*(Applause)*

Madam Speaker, a clean environment impacts highly on the health of our people. The increase in our urban population has led to increased tonnage of garbage generated in the City. Every year, the per capita cost of cleaning our environment has grown tremendously. The County has however continued to take up this challenge by investing substantial resources in cleaning our environment.

We are alive to the fact that time has come for the County to adopt appropriate technologies for waste management. This should include sorting, transporting, recycling and possible value addition. Indeed, efforts are on course to invest in a modern waste management plant with a potential for generation of energy from waste. In the fiscal year 2018/2019, resources have been allocated for enhancing solid waste management services and noise control.

Madam Speaker, the County government is exploring ways of reducing energy consumption and efficient utilization of energy through the use of LED street lighting. In the financial year 2018/2019, the County government will undertake energy audit in institutional buildings and prepare County Energy Development Plans. Implementation of County Energy Plans will include installation of solar energy and LED lighting in institutional buildings in the medium-term.

I shall now move to Education and Youth Development. Madam Speaker, provision of quality ECD Education is key to ensuring access to basic education, enhanced retention and improved transition rates among learners. In this regard, the County is committed to affording all prospective learners an equal chance for a good education. The Sonko Administration has provided capitation for all learners in public ECDE centers, and this means ECDE education in Nairobi is now free of charge.

*(Applause)*

This is expected to translate to 100% access and retention for all children between the ages of four and six years. It is the intention of the County government that there be, at least one ECDE center in each of the 85 wards. Some of the lands set aside for these facilities have fallen in to the hands of private developers. Any piece of land that was originally planned for an ECDE center and which has been grabbed shall be repossessed and put in the intended use.

*(Applause)*

Allocation has been made for increased bursary coverage targeting learners from needy backgrounds.

Madam Speaker, support and development of sports and culture and arts remains a vital priority in order to nurture the talent of our youth, foster cohesion and promote peace among Nairobians. Additionally, in order to give our youth a competitive edge in the labour market, it remains important for sustained investment in vocational and technical training. In the fiscal year 2018/2019, adequate resources have been allocated to this subsector.

Madam Speaker, we recognize the need for enhanced investment in production of affordable and decent housing particularly for the low income segments of the population. Currently, the prevailing housing deficit in the City stands at about 200,000 units annually. In this regard, the Urban Renewal and Housing sub-sector has been resourced to accelerate the pace of ongoing redevelopment of the City's old estates and through negotiated partnership with other players in the industry. Alongside the development resources have been provided for rehabilitation and improvement of infrastructure, social amenities and living conditions in all other areas. This is to support the Presidential directive on the four pillars of economic growth over the next five years.

In addition, in the steps to hasten the approval process of building plans I will also be proposing a reduction in the approval fees for building plans to encourage compliance.

(Applause)

Madam Speaker, allow me now to turn to the fiscal projections for the financial year 2018/2019 as contained in the approved County Fiscal Strategy Paper 2018/2019. The total revenue projection is 32 billion Shillings made up of 16.5 billion transfers from the National Government making up 51.5% and 15.5 billion from internally generated revenues making up 48.5%. Out of these 30% of the available resources will be allocated for development expenditure to spur development in the City.

Madam Speaker, total overall expenditure is projected at 32 billion shillings. Out of this recurrent expenditure amounts to 21.1 billion which is 67% of the total, while development expenditure amounts to 10.83 billion which is 33%. This means that the budget will be financed through internally generated revenues and transfers from the National Government. I will briefly focus on the revenue enhancement strategies. Madam Speaker, challenges continue to hamper the full realization of internal revenue targets towards financing the budget with a fiscal gap ranging between 20% to 25% between 2016/2017 and this is projected that the 2017/2018 shortfall will stand at about 39%.

Madam Speaker, in order to improve our capacity for internal revenue mobilization and improve the City's competitiveness as a destination for investment I will be reviewing the fees and charges for a number of revenue streams with a view to enhancing compliance, expanding the bracket of payers and tightening management controls for more efficient collection and accountability. In this regard, I will be proposing a review of fees payable for outdoor advertising and signage's to match existing market realities, Introduction for a towing charge for parking defaulters, and an environmental waste management charge for households and businesses to enhance solid waste management for a clean and sustainable City.

Madam Speaker, I propose to abolish the 25 shillings charged on *Mama Mbogas* operating in the estates. This is expected to transfer direct benefits to households estimated at 3 billion shillings annually. This reprieve will however not affect traders operating in designated markets and discernible commercial areas who will be required to pay the fee.

Madam Speaker, many residents are being subjected to parking charges in various premises like shopping malls, supermarkets and hospitals. I will be proposing a fee for all private parking spaces that charge their customers hourly parking rates.

(Applause)

On the other hand, the County will seek to give incentives to private players who wish to develop new parking bays outside their premises in order to increase the total number of parking slots available and generate revenue.

In addition, Madam Speaker, since the ban on plastic bags many supermarkets have taken to charging their customers for shopping carrier bags. Supermarkets that charge shoppers for bags will be required to pay a fee.

(Applause)

Madam Speaker, gambling, gaming and lotteries are devolved functions under the Constitution. However, the County has not received its fair share from this sector and I will introduce a fee to correct this.

(Applause)

Land rates in Nairobi were last reviewed in 1982. The County government is at an advanced stage to implement a new valuation roll. In order to bring the rates charged to realistic market values, I shall be proposing a review of the rate charges. In addition, I will also propose additional charges and interest on defaulters of rates payment.

Madam Speaker, the government has finalized plans to commission a full-scale revenue potential standard to establish the potential for all revenue streams. This study is expected to yield among other deliverables an updated database of taxpayers and reveal underlying structural and administrative bottlenecks that inhibit the full realization of the County's revenue potential.

Madam Speaker, in order to finance the budget, the County will roll out specific measures aimed at increasing the revenue base, improving efficiency in revenue collection and leveraging on technology in revenue management. Among the interventions that we intend to pursue in the coming year include administrative, legal and management reforms geared towards growing revenues by 50% within the medium term.

Madam Speaker, the above measures will be pursued with vigor if we are to realize our budget objectives. However, this requires the support of all, including the Hon. Members of this Assembly. The citizens must also understand that they have a responsibility to pay what is due to the County to enable the County government to offer much needed services. The government takes cognizant of the burden of debts inherited from the defunct City Council. In this regard, we have initiated structured negotiations for resolution of such debts through cash and other near-cash arrangements.

Madam Speaker, as I conclude, allow me to express my gratitude to all those who have played a part in reviewing the 2018/19 budget estimates. In particular, I am grateful to the Budget and Appropriations Committee, all sectoral committees of the Assembly and my colleagues from the County Executive.

Finally, I thank fellow Nairobians for their contributions, proposals and suggestions in the formulation of the budget.

Hon. Speaker, I hereby submit the following documents to this Assembly:

- 1) The budget statement and
- 2) The Nairobi City County Revenue Bill, 2018.



God bless you all. Thank you.

*(The Hon. CEC Finance hands over the documents to the Speaker)*

*(Applause)*

**Hon. Speaker:** Hon. Members, I thank the County Executive Committee Member for Finance and Economic Planning for having ably made his public pronouncement of the budget highlights and the various revenue raising measures of the County Government for the financial year 2018/19 and the medium term.

Hon. Members, I would also wish to confirm that in conformity with the provisions of Standing Order no. 226 (2) the County Executive Member, as you have noticed a departure from the past, as submitted here in the plenary, the various documents among them the Proposed Appropriation Bill of 2018 and other legislative proposals necessary to actualize the revenue raising measures for County Government for the said period.

Hon. Members, it is now my pleasure to invite all Hon. Members, the CEC Finance and other CECs and all other invited guests to a reception at the Assembly's cafeteria hereafter and thereafter, you are equally invited for a dinner to be hosted tonight from 6 p.m. at Charter Hall.

Hon. Members, the House Business Committee will meet tomorrow.

#### ADJOURNMENT

With all those, we hereby stand to adjourn. The House adjourns to tomorrow, the 27<sup>th</sup> June 2018 at 2:30 p.m.

*(The House rose at 4.00 p.m.)*