REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT

NATIONAL ASSEMBLY

THE HANSARD

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THE HANSARD

Thursday, 13th June 2024

The House met at 2.30 p.m.

[The Speaker (Hon. Moses Wetang'ula) in the Chair]

PRAYERS

Hon. Speaker: Hon. Members, we have quorum to transact business. Clerk-at-the-Table.

(Hon. Silvanus Osoro and other Members walked into the chamber)

Order, Hon. Members. Take your seats. Hon. Osoro, take your seat. I have two short Communications to make.

COMMUNICATIONS FROM THE CHAIR

DELEGATION FROM AFROPAC

Hon. Speaker: Hon. Members, I wish to introduce to you a delegation of Members from the African Organisation of Public Accounts Committees (AFROPAC) who are seated in the Speaker's Gallery. They comprise:

1. Hon. Medard Lubega Sseggona - Chairperson (Head of Delegation);
2. Hon. James Klutse Avedzi;
3. Hon. Mark Razalious Botomani; and,
4. Hon. Madala Mhlanga.

The delegation, accompanied by six members of staff, is in the country to attend the Executive Committee meeting of AFROPAC. For your information, Kenya hosts the Secretariat and the Chairperson of the Public Accounts Committee (PAC), Hon. John Mbadi, is the Deputy Secretary-General of the organisation.

On my behalf and that of the National Assembly, I welcome them to the Parliament of Kenya and wish them fruitful engagements during their stay in the country.

Thank you.

(Hon. Adan Keynan and other Members walked into the chamber)

Hon. Members, take the nearest seats. Hon. Keynan, where is the nearest seat?

(Loud consultations)

Hon. Speaker: Order, Hon. Members.

SPEAKER'S ROUNDTABLE WITH KEPSA

Hon. Speaker: Hon. Members, as you may be aware, since 2009, the National Assembly and the Kenya Private Sector Alliance (KEPSA) jointly holds an annual engagement under the auspices of the Speaker's Roundtable.

The annual event aims at bolstering the roles of the two institutions, including consideration of legislative and legal frameworks that are necessary for supporting the economic sector. Over the past 14 years, those engagements have been instrumental in providing policy and legislative underpinnings which have greatly impacted the sector. Indeed, various amendments and reforms to the law have been initiated as a result of those collaborative meetings, thus supporting business and economic growth, and contributing to overall national development.

The 2024 Speaker's Roundtable is scheduled to take place on Friday, 21st June 2024, at the Argyle Grand Hotel, Machakos County. The meeting will be held under the theme of leveraging the role of the legislature in enhancing Kenya's competitiveness for the creation of jobs, wealth and inclusive prosperity. The Roundtable discussions will focus on, among other areas, governance, access to finance, competitive logistics and utilities, industrialisation and trade, human capital development, and social development and inclusion.

Participants in the meeting will include all Members of Parliament, senior parliamentary staff and representatives of the business community under the KEPSA umbrella. In this regard, Hon. Members, I wish to invite all of you to the meeting as those engagements will afford the House an opportunity to engage with the business community as we seek to set the foundations for greater national economic development.

I thank you. Next Order.

PAPER

Leader of the Majority Party.

Hon. Owen Baya (Kilifi North, UDA): Hon. Speaker, I beg to lay the following Paper on the Table:

> Legal Notice No.96 of 2024 relating to the Independent Policing Oversight Authority (General) Regulations, 2023, including the Explanatory Memorandum, Executive Summary and Synopsis of Stakeholders Engagement from the Independent Policing Oversight Authority (IPOA).

I thank you, Hon. Speaker.

Hon. Speaker: Thank you. Next Order.

QUESTIONS AND STATEMENTS

Hon. Speaker: Hon. Robert Mbui.

REQUEST FOR STATEMENT

DIRECTIVE BY THE PRIVATE SECURITY REGULATORY AUTHORITY ON MINIMUM WAGE FOR PRIVATE SECURITY OFFICERS

Hon. Robert Mbui (Kathiani, WDM): Hon. Speaker, pursuant to the provisions of Standing Order 44(2)(c), I rise to request for a statement from Leader of the Majority Party regarding a directive issued by the Private Security Regulatory Authority to private security service providers on minimum wage payable to private security officers.

On 10th June 2024, the Private Security Regulatory Authority issued a public notice, purportedly published as Legal Notice No.PSRA/002/2024, directing all private security service providers, users, prospective users and representatives of users of private security services to submit to it legal commitments to comply with the set minimum wage for private security guards. In the said notice, the Authority threatened immediate cancellation of certificates of registration and subsequent deregistration of any private security firm that will not comply with the directive by close of business on Monday, 17th June, 2024.

Section 70 of the Private Security Regulation Act, 2016 requires the responsible cabinet secretary to make regulations for the proper administration of the same and give effect to the Act, including matters of employment of security guards. By operation of Article 95 of the Constitution, the purported legal notice, not having been laid before Parliament in accordance with Section 11 of the Statutory Instruments Act, 2013, is void.

It is against this background that I request for a statement from the Leader of the Majority Party on the following—

1. Could Leader of the Majority Party provide a report on the constitutionality of the Legal Notice No.PSRA/002/2024 that was issued by the Private Security Regulatory Authority on 10th June 2024 on compliance with the minimum wage for private security guards?
2. Outline the steps which will be taken to revoke Legal Notice No.PSRA/002/2024 by the Private Security Regulatory Authority, if found illegally issued, and the measures that have been put in place to ensure adherence with the relevant laws, while exercising the said directive.
3. Provide details on the processes leading to the determination of the minimum wage and clarify whether the process adhered to the due process as contemplated in law.
4. Explain whether the powers and functions of the Private Security Regulatory Authority under Section 9(q) of the Private Security Regulatory Authority Act, 2016, include setting of the minimum wage for security guards without reference to the relevant ministry and the Salaries and Remuneration Commission.
5. Clarify whether the powers vested in the Authority under Section 32 contemplate non-compliance with the minimum wage as a ground for cancellation of certificates of registration and/or deregistration of a private security firm.
6. Explain the reasons for the failure by the Authority to re-submit revised regulations envisaged under the Private Security Regulatory Authority Act, 2016 to Parliament as required under the law, despite various efforts by the Committee on Delegated Legislation.

Thank you, Hon. Speaker.

Hon. Speaker: Thank you, Hon. Robert Mbui. Two joyriders have requested for an opportunity. Maj. Bashir. Where is he? Are you a Major or a Colonel? Proceed, Major Bashir.

Hon. Major (Rtd) Abdullahi Sheikh (Mandera North, UDM): Yes, Hon. Speaker. I am a Major. It is not easy to achieve the rank of a Major. It is not like going to an election and winning.

I support the request for statement that has been read by Hon. Mbui. The matter here is about regulating the private security industry. The Private Security Regulatory Authority (PSRA) together with the Ministry of Interior and National Coordination appeared before the Committee on Delegated Legislation sometime last year. I am a member of that Committee. We asked them to bring regulations so that the Committee can go through them to approve or annul. Sadly, the said regulations have not been brought to Parliament through the Committee. What we are seeing through gazette notices aimed at private security companies is a nullity because the law does not bind it. An example is the minimum wage issue that is not under the purview of the PSRA.

Hon. Speaker: Make your point, Hon. Bashir. We do not have much time.

Hon. Major (Rtd) Abdullahi Sheikh (Mandera North, UDM): The mandate to determine the minimum wage lies with the labour council. The PSRA is to ensure it implements and enforces the minimum wage set by labour laws. It is not under their purview to set the minimum wage.

Secondly, there is much despondency on the private security industry now because they are getting new legal notices every now and then, or after every two weeks or two months. My understanding and that of our Committee is that Parliament has not approved it. Therefore, the regulations out there are null and void. The Ministry of Interior and National Coordination should ensure they abide by the rule of law. Thank you, Hon. Speaker.

Hon. Speaker: Hon. Osoro, make your point in one minute.

Hon. Silvanus Osoro (South Mugirango, UDA): Thank you, Hon. Speaker.

I also rise to support Hon. Mbui's request for statement on the conduct and the directions given by the PSRA in regard to private security firms raising the minimum wage of security officers to Ksh30,000. The era of people or authorities making unilateral statements or directions is long gone. One cannot wake up one morning and do letters and spread them across all the security firms and tell them that they must pay their security officers Ksh30,000 by a particular date. Security firms operate under contractual agreements with their clients. Even Government entities pay security officers between Ksh21,000 to Ksh25,000. A CEO of PRSA cannot wake up one morning and direct security firms to pay security officers Ksh30,000. That is an illegality. You cannot bypass this House. This House makes laws. One cannot wake up one morning, bypass this House, ignore subsidiary legislation process, and decide the rule is this way.

Hon. Speaker, we support Hon. Mbui's request for statement.

Hon. Speaker: Thank you. Hon. Tongoyo, you have one minute. You are the Chairman of the Committee on Administration and Internal Affairs. Give him the microphone.

Hon. Gabriel Tongoyo (Narok West, UDA): Thank you, Hon. Speaker.

I also want to comment on the issues raised by my colleagues on PSRA's proposed increase of the minimum wage. As much as we agree with the concerns raised by Members, minimum wage is an ongoing discussion. It is good to agree that some of those big institutions like Equity pay their security officers as little as Ksh10,000. We proposed that security institutions be classified into different categories and be given different certification depending on their capacity. Large security firms like G4S that can afford the Ksh30,000 should be classified and certified differently, depending on their capacity just like NCAA does.

This is a valid discussion. We should also acknowledge that a majority of those institutions pay extremely low compared to the profits they make. Our proposal is that PSRA classifies and gives different certification to different security firms. Big companies with capacity should pay the minimum wage. Those in villages and guard primary schools and small institutions should pay the minimum they can afford.

Hon. Speaker: Thank you. Leader of the Majority Leader, this request for statement was directed at you. You also have your Thursday Statement. We only have nine minutes to start the next business. Give the Leader of the Majority Party the microphone.

Hon. Kimani Ichung'wah (Kikuyu, UDA): Thank you, Hon. Speaker. Let me thank Hon. Robert for that request for statement. Many concerned people who run security firms have reached out to me. I commit that I will get in touch with the Ministry and give a response by Thursday next week.

STATEMENT

BUSINESS FOR THE WEEK OF 17TH TO 21ST JUNE 2024

Hon. Kimani Ichung'wah (Kikuyu, UDA): In the interest of time, let me go to the usual Thursday Statement. Pursuant to provisions of Standing Order 44(2)(a), I rise to give the following Statement on behalf of the House Business Committee, which met on Tuesday, 11th June 2024, to prioritise business for consideration during the week.

You communicated that the Cabinet Secretary for the National Treasury and Economic Planning, Prof. Njuguna Ndung'u, EGH, will today make a public pronouncement of the Budget Highlights and Revenue Raising Measures for the Financial Year 2024/2025 and the Medium-Term Revenue Strategy. I urge Members to listen keenly and actively participate in this important business when the opportunity for debate on the matters raised comes up in the House.

It is also important to mention to the members of the public that this is not the 2024/2025 Finance Bill. There has been a misconception out there that what the Cabinet Secretary for the National Treasury and Economic Planning is coming to spell out today is the 2024/2025 Finance Bill. It is important for the members of the public to get the understanding that the Statement is just about revenue raising measures. It is not the Finance Bill. I know members of the public have harassed most of these Members on maters touching on voting on the Finance Bill. There will be no voting today on anything.

Regarding the business scheduled for Tuesday next week, the House is expected to consider the following Bills at various stages:

1. The Kenya Drugs Authority Bill of 2022 in the Committee of the whole House.
2. The Second Reading of the Land Laws (Amendment) (No.2) Bill of 2023, the Care and Protection of Child Parents Bill, (Senate Bill No. 29 of 2023), and the Mung Beans Bill (Senate Bill No. 13 of 2022).

Additionally, debate will also be undertaken on the following Motions:

1. Reports of the Auditor-General on the National Government Constituencies Development Fund for the nine constituencies in Bungoma County.
2. Report of the Public Petitions Committee on its consideration of a public petition on funds spent contrary to the provisions of Article 223 of the Constitution.
3. Reports of the Auditor-General on the financial statements of specified state corporations.

(Loud consultations)

Hon. Speaker, protect me from this Embu team that is conversing in Kimbeere and Kiembu.

Hon. Speaker: Order, Hon. Members. Hon. Karemba and your team. Hon. CNN, go and take your seat.

Hon. Kimani Ichung'wah (Kikuyu, UDA): Hon. Speaker, the only word I could understand in their conversation was *Muguka*. The House will consider the following Motions.

4. Report of the Committee on Parliamentary Broadcasting and Library on enhancing reporting of parliamentary business on online platforms.
5. Report of the Committee on Regional Integration on its inspection of the semi-autonomous institutions of the East African Community in Uganda.
6. Report of the Committee on Implementation on the implementation status of Reports on Petitions and resolutions passed by the House.
7. Report of the Departmental Committee on Trade, Industry and Co-operatives on its consideration of alleged unfair trade practices by foreign investors in Kenya.

8. Second Report of the Committee on National Cohesion and Equal Opportunity on employment diversity audit in public institutions.

In accordance with the provisions of Standing Orders 42A(5) and 42A(6), I wish to convey that the Cabinet Secretary for Interior and National Administration is scheduled to appear before the House on the afternoon of Wednesday, 19th June 2024, to respond to the following Questions:

1. Question by Private Notice No.004/2024 by the Member for Gilgil, Hon. Martha Wangari, CBS, MP, regarding the death of Jasmin Njoki in Gilgil, Nakuru County.
2. Question by Private Notice No.005/2024 by the Member for Samburu North, Hon. Eli Letipila, MP, regarding the status of the investigations into the death of Hon. Paul Leshimpiro, who was the MCA for Angata Nanyekie Ward in Samburu North Constituency.
3. Question by Private Notice No.006/2024 by the Member for Luanda, Hon. CPA Dick Maungu, MP, regarding sporadic attacks that led to the killings of people in Luanda Constituency.

(Loud consultations)

Hon. Speaker, I think you may have to separate those Members from Embu County. We will not hear the Cabinet Secretary if those Members sit here.

Hon. Speaker: Order. Take your seat. Hon. Karemba, can you go to where you normally sit? Hon. Karemba, go and sit where you normally sit. Wind up, Leader of the Majority Party.

(Laughter)

Hon. Kimani Ichung'wah (Kikuyu, UDA): Hon. Speaker, those seats are actually reserved for Members of the Parliamentary Service Commission (PSC) and the Deputy Speaker. The Commissioners have been displaced. The House will consider the following:

4. Question by Private Notice No.008/2024 by the Member for Lugari, Hon. Nabwere Nabii, MP, regarding the status of the investigation into the circumstances that led to the killing of two brothers, Mr Bonaventure Ounza and Mr Calistus Apwoka, by policemen based in Santo Police Station.
5. Question by Private Notice No.011/2024 by the Member for Moyale, Hon. (Prof.) Jaldesa Guyo, MP, regarding the status of the investigation into the circumstances surrounding the shooting of Ms. Kabale Galgalo Guyo around Kangemi Mosque compound.
6. Question by Private Notice No.012/2024 by the Member for Lamu County, Hon. Monicah Muthoni, MP, regarding the recurring conflict between herders and farmers in Ungu Village of Hindi, Witu and Mkunumbi wards in Lamu County.
7. Question No.271/2023 by the Member for Laisamis, Hon. Joseph Lekuton, MP, regarding birth and death registration offices in Laisamis and Loiyangalani sub-counties.
8. Question No.002/2024 by the Member for Matungu, Hon. Oscar Peter Nabulindo, MP, regarding the surge in cases of livestock theft in the western region and in particular Matungu Constituency.
9. Question No.003/2024 by the Member for Kinango, Hon. Gonzi Rai, MP, regarding the deployment of a contingent of General Service Unit (GSU) officers to Kazamoyo Village in Kwale County

10. Question No.005/2024 by the Member for Bahati, Hon. Irene Njoki, MP, regarding the replacement of a vehicle with registration plate No. GKB34OJ assigned to the Deputy County Commissioner of Nakuru North Sub-County.
11. Question No.037/2024 by the Member for Isiolo South, Hon. Tubi Bidu, regarding the issuance of identification cards to residents of North-Eastern and bordering regions. Sorry, Hon. Speaker.
12. Question No.045/2024 by the Member for Fafi, Hon. Yakub Farah, MP, regarding actions taken by the Government to enhance security in Fafi Constituency.
13. Question No.048/2024 by the Member for Emuhaya, Hon. Omboko Milemba, MP, regarding the intimidation and unfair labour practices against non-local teachers in Mandera County and the broader North-Eastern region.
14. Question No.050/2024 by the Member for Kilome, Hon. Thuddeus Nzambia, MP, regarding the gazettement of Nzai Sub-Location in Makueni Constituency.
15. Question No.123/2024 by the Member for Yatta Hon. Robert Basil, MP, regarding the omission of Yatta Sub-County administrative units from Gazette Notice No.1766.
16. Question No.124/2024 by the Member of Kiambu Hon. Machua Waithaka, regarding delay of national identification cards within Kiambu Constituency.

In conclusion, Hon. Speaker, the House Business Committee shall reconvene again on Tuesday, 18th June 2024, to schedule business for the rest of that week.

I wish to lay this Statement on the Table. Thank you, Hon. Speaker.

Hon. Speaker: Hon. Rahab Mukami, you have a request for a statement which I have deferred to Tuesday, 18th June 2024.

(Hon. Rahab Mukami's request for a statement deferred)

Hon. Martha Wangari (Gilgil, UDA): On a point of order, Hon. Speaker.

Hon. Speaker: Hold your horses to Tuesday.

(Hon. Rahab Mukami spoke off record)

I said I have deferred to Tuesday. I will give you an opportunity then. Yes, Hon. Wangari, what is your point of order?

Hon. Martha Wangari (Gilgil, UDA): Thank you, Hon. Speaker. It is not usual to comment after the Leader of Majority Party's Statement. But indulge me on the issue of Questions by Private Notice. They are supposed to be answered within a week. For example, the Question about the case of a girl who was killed in Gilgil was asked on 12th September 2023. One asks a Question by Private Notice, but months later, it has not been responded to. As a House, what are we going to do to deal with that issue? They are taking too long and we are not getting answers at the right time thus delaying justice. Hon. Speaker, this is an issue that concerns many Members and you should give guidance to the House.

Hon. Speaker: I will give you guidance next week.

(Hon. GK Ruku spoke off the record)

Order, Hon. Ruku. I have received two Statements, one from the County Woman Representative for Lamu County, denouncing and renouncing muguka, and another one from you, praising muguka as a valuable resource mobiliser crop from your region.

(Applause)

Right?

Hon. Ruku GK (Mbeere North, DP): Yes.

Hon. Speaker: The two Statements are with me. I will give you time next week, if you want to bring them to the House, so that you can present them. But I will not allow you to use a Statement that you have given to the Hon. Speaker to picket on the Floor of the House.

(Applause)

I can see the distinguished Members from Embu County unlawfully occupying seats that do not belong to them. Those are designated seats. I just hope you are sitting there innocently with no intention of breaching the Standing Orders or causing any disaffection in the House. If you do so, you will be offending the feelings of many people.

We know muguka is a very contentious issue. As I have told you, the Statement from the Member for Lamu County is as strong as yours. There are two competing issues. Hold your horses. I will give you a chance at an appropriate time to prosecute your case.

Hon. Ruku GK (Mbeere North, DP): On behalf of the Kambas, can I say something?

Hon. Speaker: No! You will not say anything. If I give time to say something, the Member for Lamu County will also want to say something. I do not want to dilute the importance of this day in this Parliament.

(Applause)

Call the next Order. Hon. Members, we will put Questions on pending matters and then we go to the next issue.

MOTION

CONSIDERATION OF THE EQUALISATION FUND APPROPRIATION (NO.2) BILL

THAT, this House do agree with the Report of the Committee of the whole House on its consideration of the Equalisation Fund Appropriation (No.2) Bill (Senate Bill No.30 of 2023).

(Moved by Hon. (Dr) Makali Mulu on 12.6.2024 – Afternoon Sitting)

(Debate concluded on 12.6.2024 – Afternoon Sitting)

(Question put and agreed to)

BILL

Third Reading

CONSIDERATION OF THE EQUALISATION FUND APPROPRIATION (NO.2) BILL
(Senate Bill No.30 of 2023)

Hon. Speaker: Mover of the Bill, Hon. Ndindi.

Hon. Ndindi Nyoro (Kiharu, UDA): Hon. Speaker, I beg to move that the Equalisation Fund Appropriation (No.2) Bill, (Senate Bill No.30 of 2023), be now read a Third Time.

Before I call the Seconder, I want to thank all the Members and the House for ably debating this matter and for passing Ksh7.4 billion that will be going into the Equalization Fund.

It is also important for Members to know that we have also budgeted for the arrears from the previous years that were never disbursed, especially because of the stand-off in terms of regulations. Therefore, we will be passing over Ksh7.4 billion to the counties and the areas that should be boosted. We have included part of the arrears of the Equalization Fund because we want Kenya to develop together. When every part of Kenya develops, the whole country ultimately develops. This is money that will be going into infrastructure projects like roads, water and other facilities like those in the education sector. That is because we want those areas that have been marginalised for too long to catch up so that Kenya develops together.

I want to thank all Members because we have consistently been appropriating money into the Equalization Fund and we will continue to do so as it is provided for in the Constitution. I now request the Member for Dadaab, Hon. Farah Maalim to second.

Hon. Speaker: Thank you.

Hon. Ken Chonga (Kilifi South, ODM): On a point of order, Hon. Speaker.

Hon. Speaker: What is out of order, Hon. Member? You have the microphone.

Hon. Ken Chonga (Kilifi South, ODM): Thank you, Hon. Speaker. Unfortunately, for the better part of this year, I have been unwell and have not been attending House sittings.

Hon. Speaker: *Pole.*

Hon. Ken Chonga (Kilifi South, ODM): Yesterday, when I looked at the list of the constituencies that have been allocated the Equalization Fund, unfortunately, Kilifi South was missing. I looked at the other constituencies that have been allocated the funds, but I could not understand ….

Hon. Speaker: Order, Hon. Chonga. Take your seat.

(Hon. Ken Chonga spoke off the record)

Order, Hon. Chonga. The Speaker does not allocate the Equalization funds. I am sure you know where to find the answers.

Hon. Farah Maalim, to second.

Hon. Farah Maalim (Dadaab, WDM): Hon. Speaker, I beg to second. While seconding this Motion, it is important to mention that we were together in the 10th Parliament under the new constitutional dispensation when the Equalization Fund was created. The idea was that the traditional, historically marginalised areas be brought up to speed with the rest of the country and, more so, in light of what we had before which was called Sessional Paper No.10 of 1965, which essentially cut off the so-called buffer zones of the north and former Northern Frontier District (NFD) from development. We originally had 14…

Hon. Speaker: Order, Hon. Farah. You are making an important point at the wrong forum.

Hon. Farah Maalim (Dadaab, WDM): I just want to make an observation. I have already seconded, in line with what the Chairperson has elaborated on why he thinks that this should be passed.

Hon. Speaker: Those are matters that are canvassed in debate at the Second Reading.

Hon. Farah Maalim (Dadaab, WDM): I am also elaborating on that, but putting a rider, in that, this has been watered down to 34 constituent counties. So, I support it and I am happy that the Chairperson of the Committee has done a lot to make sure this money is disbursed. But how much infrastructural development will Ksh90 million do in Garissa in terms of tarmac roads, the national electricity grid and the things it is supposed to cater for? The word equalisation means bring them up to speed. But having said that, I know that I am a minority here, but I second it.

Thank you very much.

Hon. Speaker: Thank you. Hon. Chonga, the allocation of the Equalisation Fund is done by the Commission on Revenue Allocation (CRA).

(Hon. Farah Maalim spoke off record)

Order, Hon. Farah Maalim. We are the ones who drafted the Constitution. The areas that were identified were subsequently expanded by CRA and approved by Parliament. Can I put the question?

Hon. Members: Yes.

Hon. Speaker: I confirm that we have the requisite quorum.

(Question proposed)

(Question put and agreed to)

(The Bill was according read a Third Time and passed)

MOTION

ADOPTION OF REPORT ON THE CONSOLIDATED FUND SERVICES EXPENDITURES FOR THE SUPPLEMENTARY ESTIMATES II FOR 2023/2024 AND THE BUDGET ESTIMATES FOR 2024/2025

THAT, this House adopts the Report of the Public Debt and Privatisation Committee on its consideration of the Consolidated Fund Services for the Supplementary Estimates II for FY 2023/2024 and the Budget Estimates for FY 2024/2025, laid on the Table of the House on Tuesday, 4th June 2024.

(Moved by Hon. Abdi Shurie on 12.6.2024 – Afternoon Sitting)

(Debate concluded on12.6.2024 – Afternoon Sitting)

(Hon. Sylvanus Osoro stood in the gangways)

Hon. Speaker: Order, Whip of the Majority Party. Take your seat.

(Question put and agreed to)

COMMUNICATION FROM THE CHAIR

INTERRUPTION OF BUSINESS FOR PRONOUNCEMENT OF THE BUDGET POLICY HIGHLIGHTS AND REVENUE-RAISING MEASURES FOR THE NATIONAL GOVERNMENT FOR 2024/2025

Hon. Speaker: Hon. Members, pursuant to the provisions of Section 40 of the Public Finance Management Act, 2012 and Standing Orders 25A(a) and 244C, I will now interrupt the business of the House to allow the Cabinet Secretary for the National Treasury and Economic Planning to make a public pronouncement on the budget highlights and revenue raising measures for the national Government for the Financial Year 2024/2025 and the Medium-Term. In accordance with the Standing Orders, I have also designated a suitable place in the chamber for the purpose.

Hon. Members, as I invite the Cabinet Secretary, I hasten to remind the House of the nature of today's event. First, the House will not make any decision on the pronouncement by the Cabinet Secretary. This is largely a ceremonial event. Members may wish to note that the House is still in the supply period which commences with the consideration of the Budget Estimates and concludes with the enactment of an Appropriation Act. At present, the House has only considered and approved the Budget Estimates for the Financial Year 2024/2025. As you are aware, the Appropriation Bill 2024 and the Finance Bill 2024, that is the ways and means proposed to support the appropriations made by the House, will be considered at a later stage.

(Hon. G.G. Kagombe consulted loudly)

Order, Hon. Kagombe! There was a lot of peace in the House yesterday. But you are welcome back to the House.

(Laughter)

Secondly, Hon. Members, I wish to allay the fears of a number of Members who have approached and raised concerns relating to the Finance Bill 2024. The House is not considering or voting on anything related to the Finance Bill today. Indeed, the Bill is still undergoing public participation before the Departmental Committee on Finance and National Planning, and the Committee is yet to table its report. Any concerns relating to the Bill shall be adequately addressed by the House once the Committee tables its report, hopefully next week.

Thirdly, as stated earlier, the Cabinet Secretary is discharging a largely ceremonial function. Section 40 of the Public Finance Management Act, 2012 requires the Cabinet Secretary to make a public pronouncement on the budget policy highlights and revenue-raising measures for the national Government, taking into account the international obligations that were entered into under the East African Community Treaty. As Members are aware, partner States of the East African Community have a standing agreement to present and table Budget Statements to their respective Parliaments every second Thursday of June, which is today. I hope the foregoing adequately clarifies the nature of today's event.

Before I call the Cabinet Secretary, I welcome our invited guests who comprise Cabinet Secretaries, Principal Secretaries, members of the diplomatic corps and all other invited guests who are seated in the Speaker's Row, Diplomatic Boxes and the Galleries.

The Cabinet Secretary for the National Treasury, Prof. Njuguna Ndung'u, PhD, EGH, you may now proceed to the podium.

PRONOUNCEMENT OF THE BUDGET HIGHLIGHTS

BUDGET POLICY HIGHLIGHTS AND REVENUE-RAISING MEASURES FOR THE NATIONAL GOVERNMENT FOR THE FY 2024/2025

The Cabinet Secretary for the National Treasury and Economic Planning (Prof. Njuguna Ndung'u): Hon. Speaker, it is my honour and privilege to present to Hon. Members of this august House and the people of Kenya the second Budget of the Kenya Kwanza Administration under the leadership of H.E. Dr. William Samoei Ruto, the President of the Republic of Kenya and Commander-in-Chief of the Kenya Defence Forces. This Budget reaffirms the priority policies and strategies for achieving the Bottom-Up Economic Transformation Agenda (BETA) that is progressively improving the livelihoods of Kenyans.

This Statement is presented in the fulfilment of the requirements of Standing Order 241 of the National Assembly and Section 40 of the Public Finance Management Act, 2012, which requires that the Cabinet Secretary for the National Treasury to make a public pronouncement of the budget policy highlights and revenue-raising measures for the National Government.

Hon. Speaker, since 2020, our economy has been unwinding from the effects of negative and persistent global and domestic shocks that have pushed the economy to its lowest activity level. Those shocks include the COVID-19 pandemic, the global supply chain disruptions, the effects of climate change from prolonged drought in 2021 and 2022, and even the floods of 2023/2024. Measures to mitigate those negative shocks and structural reforms under the Bottom-Up Economic Transformation have been successful in ameliorating those effects. The efforts have reduced the cost of living and created vibrancy in the economy that has shown signs of strong economic recovery.

Hon. Speaker, in several regions, Kenya has sunk into abject poverty largely because markets in their segments were interfered with or were not properly governed. The failure to protect and regulate the market disrupted their development and, more importantly, curtailed further investments in sectors such as coffee, sugar, cotton and pyrethrum. The institutional failure problems pushed policy to fail. In this context, the BETA interventions at the bottom of the pyramid are targeted to ensure that the markets are properly governed to work for everybody, especially the poor.

Hon. Speaker, for Kenya to transition from the middle-income status of the economy to an upper middle-income status, as envisioned in the Kenya Vision 2030, two driving factors are important. We must develop our human capital capability and increase production and productivity. The Kenya economy is susceptible to the ravaging impact of climate change, as demonstrated in the 2021/2022 severe drought which had not been seen in the last 40 years, and the events of floods that have led to massive loss of property and lives. The most important thing is that those shocks have shifted budgetary resources from economic activity to saving lives and rebuilding damaged infrastructure. This calls for urgent and decisive interventions, especially on our supply side, which I will later address in this Statement.

Hon. Speaker, our fiscal policy is geared towards supporting BETA through continued implementation of a fiscal consolidation plan that is designed towards slowing down the growth of public debt without compromising economic growth. The fiscal consolidation efforts will continue to target domestic revenue mobilisation and rationalisation of spending through improved public financial management, while reallocating resources in priority areas.

In this year's budget process, we accorded Kenyans an opportunity to share their views on how to address the economic challenges that are facing the country. Kenyans responded to our call and requested the Government to address through this Budget the following:

1. The devastating effects of the ongoing floods.
2. Taxation concerns and cost of living.
3. The level of unemployment.
4. Protection of the poor and the vulnerable.
5. Reduction of wastage in public expenditures at the national and county Governments' level.

Today, I wish to assure Kenyans that we have listened to their concerns and we have spelled out measures to address them through this Budget. In this regard, the budget highlights and even the Government's plan is to strengthen the resilience of our economy to navigate global turbulence, accelerate economic transformation, and decisively address the overarching developmental challenges in line with BETA. It is in this context that we have chosen the theme of this year's Budget as "Sustaining the Bottom-Up Economic Transformation Agenda, Fiscal Consolidation and Investing in Climate Change Mitigation and Adaptation for Improved Livelihoods."

Hon. Speaker, it is now my privilege and honour to present the economic policy content of this Budget. Thereafter, I will broadly outline the policy priorities and structural reforms underpinning the BETA. The proposed resource allocation, as well as revenue raising measures that the Government will implement in the Financial Year 2024/2025, are going to be summarised. However, we have to remember that we have one major problem that has three dimensions:

There is a demand for increased spending or expenditures by the Government, which means we have to finance this through taxes or debt. The second dimension of this problem is that there are limitations and constraints that are imposed on public debt accumulation and debt carrying capacity of the economy. Third, and more fundamental, there are limitations in terms of mobilising higher tax revenues. This is something we have to remember because it is critical from our side.

In the economic policy context, the Financial Year 2024/2025 Budget has been developed against a backdrop of an improved global economic outlook. The world economy stood at 3.2 per cent growth in 2023 and is projected to continue at the same pace in 2024. On the domestic front, the Kenyan economy is now unwinding from layers of negative and persistent shocks. Some of which have been protracted and had structural and permanent effects on economic activities. Through focused interventions and structural reforms, the policies of the Kenya Kwanza Government have started to yield some positive results. Economic recovery is evident, with a GDP growth of 5.6 per cent in 2023, up from 4.9 per cent per cent in 2022. This is above the global and Sub-Saharan African region average.

The domestic growth in 2023 was mainly supported by a rebound in agricultural activities, given the improved weather conditions and subsidised inputs to farmers. The resilience of the services sector remained strong in that same year. The overall inflation declined to its target level of 5 per cent in April 2024 from a peak of 9.6 per cent in October 2022. The decline was driven mostly by the easing of food and energy prices, a strong pass-through effect from exchange rate appreciation, and the impact of monetary policy actions. The tight monetary policy has been complemented by fiscal policy measures that are implemented to enhance food production through subsidy programs on fertiliser and seeds.

In February this year, the Government took advantage of the improved international financial market conditions to refinance the buy-back of USD1.5 billion of the 2024 Eurobond. The Government, through this process, successfully removed the uncertainty of the settlement of the Eurobond. The Government also successfully issued an 8.5-year infrastructure bond that attracted significant foreign investors, making it the most successful domestic bond issuance in the country's history. Those two operations in February significantly improved the market perception together with a tight monetary policy stance and significant reforms in the interbank foreign exchange market. This brought stability to the foreign exchange market.

As of 31st May 2024, the exchange rate was Ksh130.20 to the US dollar, from a high of Ksh163 earlier in January. This represents a significant appreciation of 18.7 per cent. The appreciation and stability of the exchange rate created confidence and triggered inflows of foreign direct investment, and attracted investors to the Nairobi Securities Exchange (NSE). In order to enhance monetary policy transmission, the Central Bank of Kenya (CBK) has adopted a new monetary policy implementation framework. This is based on inflation targeting and introduces an interest rate corridor around the Central Bank rate. The inter-bank rate is expected to be within this corridor.

In addition, the Central Bank of Kenya launched the *DhowCSD*, a Central Securities Depository infrastructure that delivers a world-class level of registry, custodial and settlement services for both primary and secondary market operations. I wish to encourage Kenyans and investors to take advantage of the *DhowCSD* to invest in risk-free Treasury bills and bonds in order to grow their wealth and secure their financial future. We have simplified the *DhowCSD*, and investors can simply use the USSD *866# to log in and invest in a retail bond for amounts as low as Ksh600. This will be launched to make investments in Government securities all-inclusive and include the bottom of the pyramid.

The strong economic fundamentals, together with renewed investor confidence, are a signal for accelerated broad economic growth and the creation of jobs for our youth. In 2023, the total new jobs generated in the economy increased from 848,200 jobs compared to 816,600 new jobs generated in 2022. This is attributable to policies implemented especially on affordable housing and the agricultural sector intervention. Looking ahead and considering the ongoing reforms and additional measures the Government is introducing through the Budget Statement, we project our economy to grow at 5.5 per cent in 2024 and 2025. This strong growth will be supported by ongoing interventions under the Bottom-Up Economic Transformation Agenda (BETA). In this regard, the Government will accelerate investment in human capital development and capital accumulation; market development, protection and regulation; domestic resource mobilisation; reforming and restructuring Government institutions and, finally, digitisation to usher and era of efficiency in economic management to support economic recovery.

In order to safeguard macro-economic stability and protect the fragile economic recovery, monetary and fiscal policies will remain very prudent. The Central Bank of Kenya will ensure the inflation rate remains within the target while maintaining a competitive exchange rate and stable interest rates. The Central Bank is further expected to safeguard the improvements in the functioning of the inter-bank foreign exchange market and apply all instruments to strengthen the monetary policy transmission mechanism. On the other hand, the fiscal policy stance over the medium term aims at supporting the Government's BETA by delivering a strong fiscal consolidation, with the fiscal deficit declining from 3.3 per cent of GDP in the Financial Year 2024/2025 from a high of 5.7 per cent GDP in the Financial Year 2023/2024. This will improve the primary surplus to 2.3 per cent of GDP in the Financial Year 2024/2025 from a primary deficit of 0.4 per cent in the previous year.

I will later in this Statement elaborate on policy measures to deliver a strong fiscal consolidation. This economic outlook is not without risks. We continue to witness external shocks and the recurrence of extreme weather effects that not only affect economic activities, but also pose major fiscal risks. The Government will take appropriate interventions to cushion the economy from those risks.

Hon. Speaker, let me now expound on the policy priorities of the Government to promote economic transformation and improve the livelihoods of Kenyans. First, BETA will strengthen economic recovery. The Government will accelerate the implementation of policies, programmes, projects and interventions in BETA to:

1. enhance agricultural transformations;
2. support micro, small and medium-term enterprises;
3. provide affordable housing and settlement;
4. achieve universal health care; and,
5. support growth of the digital superhighway and creative economy to support job creation.

Towards actualising development objectives to the public, the Government in March 2024 launched the Fourth Medium Term Plan for 2023/2027. The MTP IV, as we call it, translates the better aspirations into concrete priority interventions to be implemented by both levels of government. Those are premised on the value chain approach, which will target sectors with the highest impact to drive the economy and sustain economic recovery. The key priority interventions focus on the following value chains: Leather and leather products, textile and apparel, dairy, the tea industry, the rice sector, edible oils, the blue economy, and natural resources, including minerals and forest, and finally, construction and building materials.

The value chain approach ensures rational resource allocation by eliminating the wastage of resources that is occasioned by duplication, overlap, fragmentation, and ineffective coordination in the implementation of the programme and projects while promoting a whole-of-Government approach to service delivery. To create employment, special focus has been given to investment in special economic zones and county aggregation and industrial parks, diversification of export markets, and market access of goods and services from micro, small and medium enterprises.

The Government will also undertake the following targeted strategic interventions to support economic transformation:

First, the Government will continue to maintain macroeconomic stability and enhance security to foster a secure and conducive business environment while protecting Kenyans and their properties;

Second, the Government will scale up the development of critical infrastructure in the country, such as roads, railway, air, seaports, energy and water, and reduce the cost of doing business and ease the movement of people and goods as well as promote competitiveness.

Third, the Government will enhance investment in key sectors for broad-based sustainable growth by promoting agricultural transformation, growth in manufacturing, environmental conservation and climate change mitigation, stimulating growth in tourism and sustainable land use and management. All this in management will actually refocus us in terms of how we can get moving in those sub-sectors;

Fourth, the Government will enhance human capital development through investment in health, education and appropriate social safety nets for vulnerable populations for improved social and economic outcomes;

Fifth, the Government will support the youth, women and even persons living with disabilities through Government-funded empowerment programmes that leverage partnerships with private sector organisations;

Sixth, the Government will support county governments through the transfer of shareable revenues to strengthen their systems and capacity in service delivery. It is important to note that for the first time since the advent of devolution, county governments are getting shareable revenue that is surpassing Ksh400 billion.

Lastly, implement various policy and legal institutional reforms that will enhance the efficiency of public service delivery.

On investing in climate change mitigation and adaptation to enhance resilience, the effects of climate change have become detrimental to economies across the globe, with extreme weather events affecting the lives and livelihoods of millions of people. The rising cost of adaptation is diverting funds from essential services like health care and education and potentially destabilising economies.

Kenya has not been spared from the negative effects of climate change. The recent unprecedented floods that our country faced following the prolonged drought in 2021 and 2022 claimed lives, caused injuries to many people, and wreaked havoc on property, infrastructure and livelihoods. The Government responded promptly and undertook short-term measures to mitigate the devastating impacts of the drought and floods. Going forward, we shall formulate and implement long-term climate change adaptation and mitigation strategies to generate strong resilience pathways.

Our climate action agenda is informed by the need to restore our degraded ecosystems, which include forests, rivers and wetlands. It is for this reason that H.E. the President has rallied Kenyans to prioritise environmental conservation, implement aggressive reforestation, afforestation and wetland restoration programmes and reverse biodiversity loss and land degradation. In response to the President's call, the Government has stepped up climate adaptation and mitigation efforts, including green energy, smart agriculture, de-carbonized manufacturing, e-mobility and green building, all aimed at the attainment of zero carbon by 2050. I, therefore, urge all Kenyans to support the Government's response to the ecosystem restoration plan, which aims to grow 15 billion trees nationwide by 2030.

On policy, legal, and institutional reforms, while we have made progress as a nation, we remain alive to structural constraints that impede the pace of economic development. Aware that sustainable economic transformation is predicated on the timely implementation of appropriate policy, legal and institutional reforms, I propose the following interventions that will improve the business environment, increase efficiency in public service delivery and strengthen accountability and transparency in public finance management.

First, are public procurement reforms. In my last Budget Statement, I informed this House of the Government's plan to fully automate public procurement and disposal processes by implementing an end-to-end e-Government Procurement System.

Phase I of the e-Government Procurement System has successfully undergone User Acceptance Testing and Piloting in twelve selected MDAs and counties. This piloting will continue up to December 2024. The system comprises, among others, an e-marketplace for common user items where prices from various outlets are visible, allowing intense competition in the procurement of those common user items. Once the e-Government Procurement System is rolled out, all MDAs and Executive Offices of County Governments will be required to fully transition to the system, while State agencies and corporations, county assemblies and county agencies will be on-boarded in the second phase within the Financial Year 2024/2025. The system will reduce the cost of goods, works and services by between 10 per cent and 15 per cent, maximize value for money, and increase transparency in procurement.

The second is restraining the growth of the public sector wage bill. The public sector wage bill continues to rise, leaving few resources for development. The public sector wage bill stood at 38.2 per cent as a ratio of total revenue in 2021. To contain the wage bill, the Government implemented a wage freeze in the Financial Years 2021/22 and 2022/23, in addition to eliminating and streamlining a number of allowances. Further actions planned in relation to containing the wage bill include:

First, all MDAs and county governments should review and rationalize their staff establishments to ensure affordability, and fiscal sustainability with the right composition and skill set;

Second, the Government will roll out the Unified Human Resource Information System for the entire Public Service starting 1st July 2024. The System consolidates human resource and payroll data in the Public Service for access through a single warehouse. The System has been linked to Kenya Revenue Authority i-tax to facilitate the filing of PAYE returns. This reform will eliminate the multiple, manual, and stand-alone payroll systems;

Third, the Salaries and Remuneration Commission will continue streamlining allowances that are paid in the Public Service through harmonisation and rationalisation of the categories, rates and rules for allowances; and,

Fourth, the Salaries and Remuneration Commission will progressively review allowances and benefits in the future collective bargaining agreements and align them to the provisions of the Allowances Policy Framework for the public service.

Third, on State corporation's reforms, in order to address the challenges faced by State corporations including, Government-owned enterprises, the Government will:

1. Privatise Government-owned enterprises whose mandates are no longer relevant, those that require huge budgetary allocations for bail outs and those producing goods and services that would more efficiently be produced by the private sector; and,
2. Restructure State corporations through mergers and/or transfer back to parent ministries or relevant State corporations to:
    (a) Remove duplication of functions, enhance efficiencies and synergies in operations so as to optimise use of limited resources;
    (b) Ensure State corporations are self-sustaining; generate additional revenue to the Exchequer; and,
    (c) Ensure quality service delivery to Kenyans.

In addition, the Government is committed to implement policy changes to ensure Government-owned enterprises realise their full potential. You will note that in 2023, the Cabinet approved the Ownership Policy for Government-Owned Enterprises, a key governance reforms framework.

To anchor the policy in law and give effect to its operationalisation, a draft Government-owned Enterprises Bill, 2024 has been finalised and is undergoing public participation. Once the process is completed and an approval granted by the Cabinet, the Bill will be submitted to this August House for consideration. I am seeking the support of this House for the approval of the Bill.

We have also prepared draft Government Investment Regulations, 2024 to provide a framework for the efficient and effective management of Government investments. The draft regulations will be taken through public participation before submission to this August House for consideration and possible approval.

Fourth, on Pending Bills, in the last Budget Statement, I informed this House of the Government's plan to establish a Pending Bills Verification Committee to carry out a thorough analysis of all stock of pending bills for the period 1st July 2005 to 30th June 2022 and formulate measures to stop accumulation of pending bills going forward.

As you are aware, H.E. the President inaugurated the Pending Bills Verification Committee in November 2023. The Committee received a total of 94,997 pending bills claims valued at Ksh662.3 billion. Analysis of the pending bill claims submitted by Ministries, Departments and Agencies (MDAs) is ongoing. The general public has also been given an opportunity to submit any pending bill claims owed by the national Government. The Committee is expected to complete its work and submit a report by October 2024 for implementation within the fiscal framework.

Fifth, on National Assets and Inventory Management Reforms, the National Treasury has initiated reforms geared towards automating assets and inventory management in MDAs as well as county governments. In this regard, the National Treasury will operationalise the Assets and Inventory Management Modules in the IFMIS with the module for all MDAs scheduled for launch and go live in July 2024. The roll-out to county governments will commence thereafter. These reforms will enable Accounting Officers have visibility of all assets and inventory under their control and facilitate optimal assets utilisation.

Sixth, on Financial Sector Reforms, the Kenya banking sector remains stable, resilient and continues to play its role of mobilising funds and channelling them to the deserving productive economic activities. The banking sector remained profitable with a growth in assets of 0.3 per cent from Ksh7.72 Trillion in February 2023 to Ksh7.74 trillion in February 2024.

Credit from commercial banks to the private sector stood at an annual growth rate of 6.9 per cent in April 2024 and benefited key sectors of the economy. The Financial Inclusion

Fund, popularly known as the Hustler Fund and the de-risking of lending to the Micro, Small and Medium Enterprises (MSMEs) through the Credit Guarantee Scheme have facilitated additional lending to the MSMEs sector.

To position the banking sector to effectively play its role in Kenya's socio-economic transformation, three recent key reforms have been implemented:

1. First, licensing and oversight of Digital Credit Providers to address inherent challenges including high cost of credit, unethical debt collection, inadequate disclosure and lack of transparency, breach of data privacy and abuse of personal information. As at the end of March 2024, 51 Digital Credit Providers had been licensed;
2. Secondly, on climate change, CBK in April 2024 issued the draft Kenya Green Finance Taxonomy for public participation that will serve as a tool to classify whether particular economic activities are green or environmentally sustainable and serve as a guide for banking sector and other market participants in making informed investment or financing decisions.
3. Thirdly, to eliminate money laundering vulnerability in the banking sector, CBK has revised its Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation Financing and a supervisory framework has been implemented so that the risk-based supervision, undertaking institutional and sectoral risk assessments, and enhancing staff complement and capacity for supervision.

Hon. Speaker, the Kenyan banking sector is exposed to dynamic global, regional and local developments, thus necessitating continuous reforms. In this respect, the following reforms are proposed:

1. The CBK intends to progressively increase the minimum core capital for banks from the current Ksh1 billion to Ksh10 billion. The CBK will engage the market for an appropriate time table to achieve this goal. This is intended to strengthen the resilience and increase the bank's capacity to finance large scale projects while creating sufficient capital buffer to absorb and withstand shocks that are posed by the continuous emerging risks associated with the adoption of technology and innovations as institutions expand; and,
2. The CBK plans to amend the Banking Act to provide for stiff dissuasive penalties that are proportionate to the violations committed, support a strong compliance culture in banks and align to international best practices.

On capital markets developments, in order to enhance price discovery and boost income for coffee farmers, the Capital Markets Authority has licensed 14 coffee brokers and so far, 29 auctions have been conducted under the Capital Markets (Coffee Exchange) Regulations, 2020, at the Nairobi Coffee Exchange. In addition, the Authority has approved the direct settlement system which has been operationalised by one of the local commercial banks.

On pension reforms, majority of Kenyans remain uncovered with the retirement benefits coverage which stands at about 26 per cent. To address this challenge, the Cabinet approved the National Retirement Benefits Policy in November 2023 that requires all entities to enrol all the employees both contractual, permanent and pensionable to a registered retirement benefits scheme. To effectively implement the policy, we have initiated the review and harmonisation of all laws governing the retirement benefits sector.

Hon. Speaker, to ensure sustainability of the public service pension system, we are revamping the public service pension administration through digitisation and re-engineering of the pension management system, which is expected to be completed by December 2024.

The informal sector has about 17 million workers, accounting for 83 per cent of the total workforce. This segment has remained excluded from pension coverage mainly due to its unique and heterogeneous needs. The National Treasury has established the Kenya National Entrepreneurs Savings Trust (KNEST) to handle pension from the informal sector and anchor the savings component of the Hustler Fund while providing a channel for voluntary savings.

Let me turn to insurance reforms. To facilitate the growth of the insurance sector, the Government developed a National Insurance Policy. This policy is guided by the review of the Insurance Act, which has served its purpose albeit with progressive amendments for the last 30 years. The Insurance Professionals Bill, 2024 which is currently under consideration by this august House, will also strengthen the standards of practice in insurance and improve the stability and performance of the insurance companies.

I now turn to the fiscal framework. The Government's Fiscal Policy is to enhance fiscal consolidation efforts to reduce debt vulnerabilities and rebuild fiscal buffers amid significant global and even domestic challenges. These external and domestic shocks that Kenya has experienced serve as a reminder of the importance of fiscal buffers. The focus of our fiscal policy thus remains to reduce the deficit from 5.7 per cent of GDP in the current Financial Year to 3.3 per cent in the Financial Year 2024/2025. We are going to do this through various means.

First, domestic resource mobilisation. Implementation of the Government's plan for rapid and inclusive socio-economic transformation largely depends on a robust revenue growth rate. Indeed, despite significant Government investment in reforming the tax structure, the tax to GDP is estimated at 11.5 per cent of GDP as of 2022/2023 against an estimated potential of 25 per cent of GDP. This is also the convergence criteria in the East African Community countries. We, therefore, urgently need to address the challenges that negatively affect our revenue collection. Some of these challenges include:

1. There is an existence of hard-to-tax sectors. The economy is dominated by a large informal sector that is mostly outside the current tax instrument leaving the country to rely on a narrow tax base and it is time to reverse this trend.
2. Proliferation of tax expenditures over the years. Tax expenditures are estimated right now at 2.9 per cent of GDP, if you consider the 2022 data. That is a major erosion to the tax base.
3. Low tax compliance, largely attributed to factors such as the technical and complex nature of our tax procedures. Taxpayers' apathy due to perceived inefficient use of tax revenues, high compliance costs and inadequate taxpayer education.
4. There are difficulties in taxing the emerging digital economy. The tax system is not fully equipped to deal with the emerging business models that leverage on digital technology.
5. Inadequate modern technology equipment for use at every stage or exit border points, mis-declaration and even mis-classification of goods, inadequate customs border posts, infiltration of counterfeits, smuggling and diversion of goods.

Hon. Speaker, to address these challenges and enhance revenue mobilisation, we shall implement a combination of tax policy and administrative reforms. The reforms are premised on the need to ensure that taxes are more supportive of economic activity. They do not distort the market and have a predictable tax structure. The reforms include:

1. Implementation of tax policy and administration measures proposed in the Finance Bill, 2024.
2. Implementation of the medium-term revenue strategy to expand the tax base to 20 per cent of GDP over the medium term.
3. To strengthen the tax administration for enhanced compliance through leveraging technology to revolutionise tax processes, sealing revenue loopholes and enhancing the efficiency of the tax system.

4. We are focusing on unlocking additional non-tax revenue potential by ministries, departments and agencies (MDAs) through the services they offer to the public.

Let me turn to improving the efficiency of public expenditure. We should ensure that our scarce resources are used efficiently and effectively. To move towards a balanced budget and further improve efficiency in public spending, the following bold actions and reforms have been outlined in the Financial Year 2024/2025:

1. Rationalisation of transfers to Semi-Autonomous Government Agencies (SAGAs) by at least 30 per cent from the Financial Year 2023/2024 approved budget, in line with the overall austerity measures cutting across all MDAs.
2. Cutting spending on the following expenditure items: Foreign travel, rationalisation of all training expenses across the Government and restricting all training to within Government institutions, rationalising all allocations for purchases of motor vehicles and suspending purchases of furniture for one year, and suspending all refurbishment and partitioning of Government offices.
3. The expenditure control measures that include suspension of all new recruitment in the public sector for the next year, audit and cleanse all public payrolls, pensions and transfers to the vulnerable, eliminating ghost workers as well as enforcing payments of salary scales that are approved as recommended by Salaries and Remuneration Commission (SRC) and consolidation of public procurement for common use items.
4. Minimising Government expenditure by leveraging technology, and this will entail the use of Wi-Fi and emails for efficient communication.
5. Reviewing the insurance schemes, especially looking at *EduAfya*, indigents, public service, police and prison commissions and independent offices under the Universal Health Coverage and align them to the Social Health Insurance Fund. The Social Health Insurance Fund will now be important because it will afford all Kenyans Universal Health Care with more benefits.
6. Suspending the policy of SAGAs investing surplus funds and enforcing the requirement of the Public Finance and Management Act, 2012 and the Public Finance Management Regulations, 2015 to surrender such funds to the Exchequer.
7. Review the regional development authorities to remove duplication of laws within those county governments and MDAs.

Since the beginning of this Financial Year, the Government has also implemented initiatives to contain the growth of expenditures. First, the Government has taken measures to reduce spending to non-priority expenditures. Second, the public-private partnership framework not only targets commercially viable projects, but also considers the contingent liabilities that come under this framework.

Third, we are reviewing the portfolio of externally funded projects to restructure and re-align them with the Bottom-up Economic Transformation Agenda. All these initiatives will help lower the expenditures.

With the policy measures and structural reforms highlighted above, we project total revenue collections, including Appropriations-in-Aid for the Financial Year 2024/2025 Budget to be Ksh3,343.2 billion, equivalent to 18.5 per cent of GDP. Of these, ordinary revenue is projected to be Ksh2,917.2 billion, equivalent to 16.2 per cent of GDP. Ministerial Appropriations-in-Aid is projected to be Ksh426 billion. Grants to this Budget are provided at Ksh51.8 billion, which is 0.3 per cent of GDP.

Total expenditure in the Financial Year 2024/2025 Budget is projected at Ksh3,992 billion or 22.1 per cent of GDP. Of these, the recurrent expenditure will amount to Ksh2,840 billion or 15.7 per cent of GDP. The development expenditures including allocations to domestic and foreign finance projects, Contingency Fund and even Equalisation Fund is Ksh707.4 billion, which is equivalent to 3.9 per cent of GDP. Total allocation to county governments is projected at Ksh444.5 billion, of which equitable share is Ksh400.1 billion.

Given the projected revenue grants against the projected expenditures, the fiscal deficit, including grants, is projected at Ksh597 billion, which is equivalent to 3.3 per cent of GDP. This is down from Ksh925 billion, or 5.7 per cent of GDP in 2023/2024. In this respect, the primary balance will improve to a surplus of 2.3 per cent of GDP from a deficit of 0.4 per cent of GDP in the current financial year.

The fiscal deficit for 2024/2025 will be financed by net external borrowing of Ksh333.8 billion, which is equivalent to 1.8 per cent of GDP, and net domestic borrowing of Ksh263.2 billion, which is equivalent to 1.5 per cent of GDP.

On public debt management, I want to state that Kenya meets its obligations promptly and no debt arrears have been accumulated. Public debt is projected to remain within sustainable levels on account of fiscal consolidation path that reflects the decline in the ratio of debt to GDP, in present value terms over the medium-term. To improve Kenya's debt sustainability and boost our credit rating position, the Government will continue to implement measures to enhance the growth of foreign exchange earnings.

Our medium-term debt management strategy aims at lowering the costs and risks in debt portfolio. In this regard, the Government will slow down uptake of new external commercial debt and undertake liability management operations through debt swaps and other innovative solutions.

The Government will also diversify sources of financing through issuance of Panda, Samurai and Sukuk Bonds in diverse financial markets in China, Japan and the Gulf regions, respectively. The Government will maximise use of concessional financing from bilateral and multilateral institutions to improve debt sustainability and boost our credit rating.

Let me turn to Public Private Partnership framework. Due to the limited fiscal space, the Government will continue to scale up the use of Public Private Partnership (PPP) financing for commercially viable projects. Currently, there are 37 projects at various stages of the PPP project cycle. In order to enhance viability of PPP projects, I will soon be proposing amendments to the Public Finance Management (PFM) Act, 2012 to speed up the process of financial close as well as ensure that related fiscal cost and contingent liabilities are within acceptable levels.

Let me now turn to Public Investments Management. In order to increase efficiency and effectiveness of public spending, the Government will continue to implement Public Investment Management Regulations at the National Government and commence a roll-out to county governments. The Regulations are aimed at streamlining initiation, execution and delivery of public investment projects within the timelines.

Further, the Government will roll-out Public Investment Management Information System to all Ministries, Departments and Agencies (MDAs) to improve the management of development projects in the country. Strengthening public finance management reforms is very critical.

Hon. Speaker, I will now turn to migration to accrual accounting. The transition to accrual accounting from cash basis marks a significant milestone in our nation's journey to strengthening public finance management. In recognition of this, the Cabinet in March 2024 approved the transition from cash to accrual basis of accounting to improve cash management and enhance the financial and fiscal reporting. Accrual accounting will enable the Government to account for all assets and liabilities, including all Government assets, and we will also be able to account for all pending bills, public debt and pension liabilities.

This is an important step to strengthen the public finance management and I, therefore, direct all MDAs and county governments to migrate to accrual accounting starting 1st July 2024. This effectively means that the last financial statement to be prepared on cash basis by national and county governments will be for the Financial Year 2023/2024.

Hon. Speaker, on Treasury Single Account, the PFM Act, 2012 and its attendant registration provides for the establishment of the Treasury Single Account (TSA) system at both national and county governments levels. Based on the experience over the last 10 years since the enactment of PFM Act, 2012, the need to review the scope of TSA implementation has become apparent. To improve public cash management, it is necessary to operationalise other elements of the TSA system that are envisaged in the law.

The automation of Government payments through the Integrated Financial Management Information System (IFMIS) and the Central Bank of Kenya Internet Banking (IB) system, forms a good basis to widen the scope of TSA system. The National Treasury undertook an inventory of bank accounts and balances held by public sector entities in various financial institutions and established that, as at 30th June 2023, those entities held Ksh431.7 billion at various financial institutions. Those large cash balances were not immediately accessible at the time when the Government was very cash strained.

To address this challenge and underscore the Government's unwavering commitment to fiscal discipline, transparency and efficiency in the management of public finances, the Cabinet approved the implementation of TSA system in a clustered approach. The system will consolidate Government cash resources into a single account held at the Central Bank of Kenya and sub-Treasury Single Accounts at the commercial banks.

The National Treasury in this respect will establish a Treasury function to manage the TSA and TSA sub-account structure, so that every day, the Government financial position is known and ascertained. The migration to the TSA system commences on 1st July 2024.

Let me now turn to resource allocation under the Bottom-Up Economic Transformation Agenda (BETA). The following are highlights to Government spending priorities in the coming financial year. In light of the revenue challenges, significant expenditure demands spending in the Financial Year 2024/25 will focus on Bottom-up Economic Transformation Agenda priorities on five core areas with the highest impact on the economy.

The first one is the Agricultural Transformation and Inclusive Growth. Government focus will be on agricultural transformation and inclusive growth through the value-chain approach. This aims at providing adequate and affordable working capital to all farmers through co-operative societies, as we consider them as aggregators, and deploy modern agricultural risk management instruments that ensure farming is profitable and incomes are predictable.

In addition, it aims to transform farmers from food deficit to surplus producers through input finance subsidies and intensive agricultural extension support. This will raise productivity of key food value-chains, reduce dependence on basic food imports, revamp underperforming export crops and expand to new high value emerging crops and boost tea value-chain through blending and branding.

To attain food and nutrition security, I proposed an allocation of Ksh54.6 billion for various programmes under this sector. This includes Ksh10 billion for the fertiliser subsidy program, Ksh6.1 billion for the National Agricultural Value Chain Development Project, Ksh2.5 billion for the Enable Youth Program, Ksh2.4 billion for the Enable Youth and Women in Agriculture, Ksh747 million for Small-scale Irrigation and Value Addition Project and Ksh642.5 million for Food Security and Crop Diversification project.

To improve livestock production, I propose Ksh2.4 billion for De-risking Inclusive and Value Enhancement of Pastoral Economies program, Ksh1.5 billion for Livestock Value-chain Support Project, Ksh1.5 billion for Kenya Livestock Commercialisation Program and

Ksh192.5 million for the Embryo Transfer project. I have also proposed Ksh300 million for the development of a Leather Industrial Park at Kenanie.

To support the growth of the blue economy, I propose a total of Ksh11.3 billion to the blue economy and fisheries sub-sector. This includes Ksh3.7 billion to Aquaculture Business Development Project, Ksh3.1 billion to the Kenya Marine Fisheries and Socio-Economic Development Project, Ksh540 million for rehabilitation of fish landing sites, Ksh695.5 million for Liwatoni Ultra-Modern Fish Hub and Ksh600 million for marine fish assessment.

To raise agricultural productivity and enhance resilience to climate change risks in targeted smallholder farming and pastoral communities, I propose an allocation of Ksh340 million towards ending drought and emergencies projects. To ensure legitimacy of land ownership and settle the landless, I propose a sum of Ksh5.5 billion. This allocation will cater for the processing and registration of title deeds, settlement of the landless, digitisation of the land registry, geo-referencing of land parcels and construction of land registries.

I turn to transforming the Micro, Small and Medium Enterprises (MSME) economy. Accessibility to affordable credit to most Kenyans at the bottom of the pyramid remains a challenge. To address this challenge, the Government is proposing an additional allocation of Ksh5 billion to the Financial Inclusion or Hustler’s Fund to scale up access to credit for households and MSMEs. I propose an additional Ksh200 million for the Youth Enterprise Development Fund, Ksh162.5 million for the Centre for Entrepreneurship Project and Ksh1.9 billion for Rural Kenya Financial Inclusion facility.

Regarding Housing and Settlement, the Government is committed to turning the housing challenge into an economic opportunity to create quality jobs for the youth directly in the construction sector and indirectly through the production of building products. This will be achieved through, among other measures, facilitating delivery of 200,000 houses per annum and enabling low-cost housing mortgages. To continue supporting this initiative, I have proposed an allocation of Ksh92.1 billion for housing, urban development and public works. This includes Ksh8.3 billion under the Kenya Urban Programme, Ksh3 billion to Kenya Mortgage Refinance Company for enhancement of the company’s capital as well as for lending to primary mortgage lenders, Ksh32.5 billion for construction of affordable housing units, Ksh15 billion for construction of social housing units and Ksh14.7 billion for social and fiscal infrastructure.

Other proposed allocations in the housing, urban development and public works include Ksh11.3 billion for the Kenya Informal Settlement Improvement Project Phase III, Ksh1 billion for construction of markets, Ksh1 billion for the National Slum Upgrading Programme, Ksh1 billion for construction of housing units for the National Police and Kenya Prisons, Ksh496.3 million for construction of foot bridges and Ksh444 million to support the construction of targeted county headquarters.

Regarding the Universal Health Coverage (UHC), the Government is committed and determined to realise the constitutional right to health by promoting access to quality and affordable health care through the UHC programme. Towards this end, I propose an allocation of Ksh127 billion to the health sector to support various activities and programmes. This includes Ksh4.2 billion for UHC Coordination and Management Unit, Ksh2 billion for Free Maternity Health Care, Ksh3.6 billion for Managed Equipment Services, Ksh861.5 million to provide medical cover for orphans, elderly and severely disabled persons in our society, Ksh4.6 billion to cater for the stipend and acquisition of specialised medical equipment for community health promoters and Ksh4.1 billion for the Primary Health Care Fund.

To lower cases of HIV/AIDS, Malaria and Tuberculosis and enhance the vaccines and immunisation programme in the country, I have proposed Ksh28.7 billion for the Global Fund and Ksh4.6 billion for Vaccines and Immunisation Programmes, respectively. To enhance early diagnosis and management of cancer and reduce the burden of treatment among Kenyans, I have proposed an allocation of Ksh1.1 billion to strengthen cancer management at Kenyatta National Hospital and Kisii Level 5 hospitals. I have also proposed Ksh2 billion to the Emergencies, Chronic and Critical Illness Fund.

To improve health service delivery, I have proposed a sum of Ksh29.7 billion for Kenyatta National Hospital (KNH) and Moi Teaching and Referral Hospital. This includes Ksh2.6 billion for construction of KNH Burns and Paediatrics Centre. I have also proposed Ksh5.2 billion for the Kenya Medical Supplies Agency, Ksh2.5 billion for the Kenya Medical Research Institute, Ksh1 billion for procurement of family planning and reproductive health commodities and Ksh760 million for procurement of equipment at the National Blood Transfusion Services. Further, to strengthen the capacity of medical personnel, I have proposed Ksh3.7 billion for medical interns, Ksh406 million for training of health personnel and Ksh8.6 billion for Kenya Medical Training Centres.

Investment in digital superhighway and creative economy continues to play a critical role in enabling the Government achieve the objectives of the Bottom-up Economic Transformation Agenda (BETA) through increased productivity and competitiveness. On the creative economy, promotion of music, theatre, graphic design, digital animation, fashion and craft, among others, continues to create job opportunities for the youth.

To support the growing digital superhighway and creative economy, I have proposed an allocation of Ksh16.3 billion to fund the initiatives in the ICT sector. Specifically, this proposed allocation includes Ksh1.1 billion for Government shared services, Ksh704 million for digital superhighway, Ksh2.3 billion for the construction of Kenya Advanced Institute of Science and Technology at Konza Technopolis, Ksh2.8 billion for Kenya Digital Economy Acceleration Project and Ksh2.8 billion for maintenance and rehabilitation of the Last Mile County Connectivity Network. In order to fast-track the developments of the Konza Technopolis City, I have proposed an allocation of Ksh1.5 billion for the horizontal infrastructure Phase I and Ksh5.2 billion for the Konza Data Centre and Smart City facilities.

Other key allocations to critical sectors supporting BETA include investment in critical infrastructure. The Government continues to expand and maintain critical infrastructure in roads, railways, sea and airports to achieve socio-economic transformation that will also enhance Kenya’s competitiveness and facilitate cross-border trade and regional integration. Towards this end, I have proposed an allocation of Ksh193.4 billion for development of roads. This includes Ksh86.2 billion to support construction of roads and bridges, Ksh37.7 billion for rehabilitation of roads and Ksh69.5 billion for road maintenance.

To expand the railway transport and associated infrastructure, I have proposed Ksh25.2 billion. I have also proposed Ksh2.4 billion for infrastructure development at Dongo Kundu Special Economic Zone, Ksh1 billion for Nairobi Bus Rapid Transport Project, Ksh316 million for promotion of e-mobility project and Ksh239.4 billion for the development of Nairobi City Railway. To facilitate movement of goods and people in inland waters, I have proposed an additional Ksh200 million for acquisition of ferries for Lake Victoria.

To scale up production of reliable and affordable energy, I have proposed an allocation of Ksh69.7 billion to the energy sub-sector. This includes Ksh27.8 billion for the national grid system, Ksh24 billion for rural electrification, Ksh14 billion for the development of geothermal energy, Ksh2.2 billion for alternative energy technologies and Ksh920 million for the development of nuclear energy.

Hon. Speaker, I will now turn to improving education outcomes. The Government continues to invest in education to improve education outcomes and create a level playing field for all Kenyan children. From this end, I have proposed a total allocation of Ksh656.6 billion or 27.6 per cent of total expenditures to the education sector. This includes Ksh358.2 billion to the Teacher Service Commission (TSC), Ksh142.3 billion for basic education, Ksh128 billion for higher education and research and Ksh30.7 billion for Technical Vocational Education and

Training (TVET). The allocation of the education sector includes Ksh9.1 billion for free primary education, Ksh61.9 billion for free day secondary education, Ksh30.7 billion for Junior Secondary School (JSS) capitation and Ksh5 billion for the examinations fee waiver.

In addition, Hon. Speaker, I have proposed an allocation of Ksh13.4 billion for the conversion of 46,000 JSS interns to permanent and pensionable terms, Ksh1.3 billion for the training of teachers on Competency-Based Curriculum (CBC), Ksh360 million for the Digital Literacy Programme and Information and Communication Technology (ICT) integration in our secondary schools. To support infrastructure development and ensure safe learning in our schools, I have proposed an allocation of Ksh3.2 billion for primary and secondary schools infrastructure, Ksh1 billion for construction of classroom for JSS and Ksh2.3 billion for the construction and equipping of technical training institutes and vocational training centres. Further, I have proposed Ksh11.1 billion for the Kenya Primary Education Equity in Learning Programme, Ksh1.8 billion for construction of integrated resource centres and Ksh1.5 billion for the Kenya Secondary Education Quality Improvement Project.

Hon. Speaker, other proposed allocations to the education sector include Ksh1.1 billion for the research, science and technology innovation. The Government is implementing the new funding model for public universities and TVET institutions through the provision of Government scholarships and loans, apportioned according to students' needs. The new funding framework seeks to offer students whose households are at the bottom of the pyramid an equal opportunity in accessing university education, as well as technical training. Towards this end, I have proposed an allocation of Ksh35.9 billion to the Higher Education Loans Board (HELB) for provision of loans to university and TVET students, Ksh16.9 billion for the scholarship for university students and Ksh7.7 billion for capitation and scholarship for TVET students.

Let me now move to supporting manufacturing for job creation. Further, to promote local industries, I have proposed an allocation of Ksh23.7 billion under various implementing ministries, departments and agencies. Out of these, Ksh4.5 billion will support the establishment of county integrated agro-industrial parks, Ksh1.9 billion for Supporting Access to Finance and Enterprise Recovery (SAFER) project, Ksh1.1 billion for construction of investors sheds in Athi River, Ksh1.9 billion for establishment of six flagship Export Processing Zones (EPZ) hubs, Ksh440 million to the development of Special Economic Zones (SEZ) Textile Park in Naivasha, and Ksh1 billion for the Kenya Jobs Economic Transformation (KJET).

In addition, Hon. Speaker, in order to revitalise and maximise the benefits from our cash crops, the Government will make further investments towards revival and enhancement of output. In this respect, I have proposed Ksh2 billion for Coffee Cherry Revolving Fund. This is in addition to Ksh4 billion that has been allocated in the current fiscal year, Ksh1.5 billion for payments of debts owed to sugar-cane farmers, arrears to employees and maintenance of cane testing units, Ksh120 million for Cotton Industry Revitalisation Project and Ksh150 million for the pyrethrum industry recovery.

In order to reduce over-reliance of the importation of edible oils and encourage local production and processing, I have proposed Ksh90 million for the Coconut Industry Revitalisation Project, Ksh260 million for the National Edible Oils Crop Promotion Project and an allocation to National Agricultural Value Chain Development Project, which includes support for cashew nut development.

To enhance milk processing, I have proposed Ksh1.5 billion for excess milk mop up, Ksh500 million for modernisation of Kenya Co-operative Creameries (KCC) milk factories, and Ksh250 million for the construction of a milk factory in Narok.

To equip our youth with essential training and internship opportunities, I have proposed an allocation of Ksh1.3 billion for the Kenya Industry and Entrepreneurship Project, Ksh119.9

million for the construction of industrial research laboratories and Ksh114.3 million for the Constituency Industrial Development Centres.

I will now turn to improving security. Enhanced national security creates an enabling environment for businesses to thrive, while aiding faster economic recovery. In this regard, I have proposed an allocation of Ksh377.5 billion to support the operations of the National Police Service (NPS), Kenya Defence Forces (KDF), National Intelligence Service (NIS) and Kenya Prisons Service. The proposed allocations include Ksh173.1 billion for KDF, Ksh110.6 billion for NPS, Ksh46.3 billion for NIS and Ksh32.7 billion for Kenya Prisons Service. I have proposed an allocation of Ksh13.9 billion to cater for leasing police motor vehicles and the modernisation programme. To step up the war on crime and embrace support to administration of justice, I have proposed Ksh918.4 million to equip the National Forensic Laboratory.

As a caring Government, we shall continue to protect the vulnerable members of our society. I have in this regard proposed an allocation of Ksh31.3 billion for social protection and affirmative actions in this Budget. Out of this allocation, Ksh18.6 billion will cater for cash transfers to elderly persons, Ksh7.9 billion for orphans and vulnerable children and Ksh1.2 billion for persons living with severe disabilities. The proposed allocation includes Ksh1.5 billion for the Kenya Hunger Safety Net Programme and Ksh1.9 billion for the Kenya Social and Economic Inclusion Project. In addition, Ksh815 million will go to Child Welfare Society of Kenya, Ksh400 million to the Presidential Bursary for the Orphans, Ksh600.1 million for National Council for Persons Living with Disabilities, Ksh100 million for the National Albinism Support Programme and Ksh100 million for National Autism Support Programme.

Let me turn to equity, poverty reduction, women and youth empowerment. Hon. Speaker, the most pressing challenge in our country at the moment is lack of job opportunities for the youth. This has been exacerbated by the multiple shocks that have hit our economy. In order to empower the youth and support businesses owned by the youth and women, I have proposed Ksh89.5 billion for those initiatives. This allocation includes Ksh10.4 billion for the National Youth Service (NYS), Ksh1.1 billion for the Kenya Youth Empowerment Programme, Ksh200 million for the Youth Enterprise Development Fund, Ksh162.5 billion for the Centre for Entrepreneurship, Ksh230 million for the establishment of youth empowerment centres and Ksh2.7 million to National Youth Opportunity Towards Advancement (NYOTA). In addition, I have proposed Ksh649.8 million to strengthen the film industry in Kenya.

The Government is committed to ensuring increased income for our women through employment creation and supporting women-led enterprises. To empower our women further, I have proposed Ksh182.8 million to the Women Enterprise Fund (WEF) and Ksh3.5 billion for the National Government Affirmative Action Fund (NGAAF).

To promote regional equality and equity, reduce poverty and enhance social development, I have proposed Ksh63 billion to the National Government Constituencies Development Fund (NG-CDF) as well as Ksh8.08 billion for the Equalisation Fund to finance programs identified in marginal areas.

On stimulating tourism growth, sports, culture, recreation and arts, the Government has prioritised expanding the space for creativity. That includes freedom of expression and protection of intellectual property rights. The Government will also strengthen and mainstream the arts and culture, infrastructure. It will support cultural production as well as the creative economy. We are also cognisant of the brand value of Kenyans participating and excelling in international sports arena.

To support tourism, sports, culture and even recreation, I have proposed an allocation of Ksh23.7 billion. This includes an allocation of Ksh16.5 billion for the Sports, Arts and Social Development Fund, Ksh4.9 billion to the Tourism Fund and Ksh2.2 billion to the Tourism Promotion Fund.

Let me turn to the protection of the environment, water and natural resources. In order to support environment and water conservation, and respond to climate change, I have proposed an allocation of Ksh10.7 billion to the conservation and management of forest resources. There is Ksh1.7 billion for forest research and development, Ksh2.7 billion for environmental management and protection, Ksh5.9 billion for financing locally led climate action project, Ksh1.6 billion for meteorological services and Ksh13.1 billion for wildlife security, conservation and management. In addition, I have proposed Ksh1 billion for wildlife research and development. Ksh1.2 billion is for human wildlife conflict compensation and Ksh800 million for wildlife insurance.

To expand access to clean and adequate water for domestic and agricultural use, I have proposed an allocation of Ksh36.6 billion to water and sewerage infrastructure development, Ksh12.5 billion for water resources management and Ksh1.9 billion for water storage and flood control. In addition, I have proposed Ksh17.8 billion for irrigation and reclamation and Ksh1.9 billion for water harvesting and storage for irrigation.

I will turn to improving governance and sustaining the fight against corruption. To enhance good governance and scale up the fight against corruption, I have proposed Ksh4.2 billion to the Ethics and Anti-Corruption Commission, Ksh4 billion for the Office of Director of Public Prosecution and Ksh6.9 billion to the State Law Office. There is Ksh8.7 billion to the Office of the Auditor-General. In addition, is an allocation of Ksh44.6 billion to Parliament to enhance oversight and legislative roles. I propose an allocation of Ksh24.7 billion to the Judiciary to enable the administration and justice. This includes Ksh900 million for construction and refurbishment of courts and Ksh800 million for the automation of the Judiciary.

County Governments will receive a proposed allocation of Ksh400.1 billion as equitable share in the 2024/2025 Financial Year. This is the first time we have arrived at and surpassed this figure of Ksh400 in the last 12 years of devolution. This is equivalent to 25.48 per cent of the actual revenue raised nationally in the 2020/2021 Financial Year. It complies with Article 203 (2) of the Constitution of Kenya. In addition to the equitable share of revenue, a further Ksh44.4 billion has been proposed as additional allocations to county governments. This comprises Ksh8.76 billion for the national Government share of revenue and Ksh35.66 billion from proceeds of external loans and grants. We have proposed an allocation of Ksh8 billion to the Equalisation Fund. That is 0.5 per cent of the actual revenue raised nationally in the 2020/2021 financial year.

There are measures to enhance county Governments' own source revenue. The National Treasury is implementing a policy to support the enhancement of own source revenue by county governments as we await the enactment of the National Listing Bill. This Bill will enable county governments to collect more property rates, including contribution in lieu of rates. In addition, a multi-agency committee has been formed to manage the rollout of the proposed Integrated County Revenue Management System in 47 county Governments. This system will increase transparency, accountability and efficiency in revenue collection.

Let me turn to taxation measures and tax policy measures supporting the 2024/2025 Financial Year's Budget. In the course of the year, we embarked on tax policy review through a number of tax studies that will support the development of a progressive tax system. The objective of these reforms is to develop an elaborate tax policy that will raise adequate revenue to finance recurrent as well as development budgets. For this reason and to materialise it, we intend:

1. First, to develop diverse methods to enlarge the tax base.
2. Second, we want to make sure that we minimize tax expenditures that amount to Kshs396 billion. That is equivalent to 2.9 per cent of Gross Domestic Product

(GDP) as of 2022. Of the Ksh396 billion, 63.1% of it is on VAT refunds from zero rated final consumer goods.

3. Third, we want to create a tax system that is not only predictable to taxpayers, but also yields predictable revenues to Government.
4. We want to develop a tax system that supports markets, production, consumption and investments.

The 2024/2025 Financial Year marks the beginning of these reforms through proposed amendments in various tax laws as contained in the Finance Bill 2024. These reforms are part of a wider tax policy reforms that is contained in the Medium Term Revenue Strategy. Shortly, I will provide highlights of these reforms. Additionally, during the East African Community pre-budget consultations held in May 2024, ministers responsible for finance and economic planning in the East African Community region agreed on customs measures that will support and protect industries in the region. The tax measures proposed in the Finance Bill 2024 and the said custom measures are expected to generate an additional Ksh346.7 billion or 1.9 per cent of GDP to the Exchequer in the 2024/2025 Financial Year.

Allow me to provide highlights of some of the custom measures agreed during the pre-Budget consultation with the East African Community partner States. The Ministers agreed on a number of measures for enhancing the competitiveness of locally manufactured products by allowing stays of application for the East African Community common external tariff not to change the rates and, where necessary, to adopt higher rates of duty to encourage local production in the East African Community countries.

The Ministers also agreed on duty remissions for raw materials and inputs used by local manufacturers to facilitate East African Community domestic production. In order to meet local demands and enhance food security in Kenya on key staple foods, Kenya was granted an extension of the current stay of application to import rice at a duty rate of 35 per cent or US$200 per metric tonne, whichever is higher, for one year, instead of East African Community Common External Tariff rate of 75 per cent, or US$345 per metric tonne, whichever is higher. And also, Kenya was allowed to import wheat at a duty rate of 10 per cent instead of 35 per cent for one year under the East African Community Duty Remission Scheme.

Kenya has a strong assembly of electronics industry, including mobile phones. In order to further open up the ICT sector to more investors, Kenya requested for duty remission on inputs for manufacture and assembly of smart telecommunication devices, including mobile phones, laptops and tablets. This request was granted.

The local assembly of automobiles continues to facilitate job creation with positive ripple effects in other supportive sectors, especially in the manufacturing of spare parts. In this regard, Kenya continued to develop capacity in the assembly of prime movers, road tractors and trailers to meet both local and regional demand. In order to safeguard this capacity, Kenya was granted a stay of application of East African Common External Tariff rate of 10 per cent to apply a duty rate of 25 per cent for prime movers and 35 per cent for trailers for one year.

Further, in order to continue supporting the assembly of motorcycles in the region, East African Community ministers, in this regard, agreed to extend the duty remission on importation of raw materials for the manufacture of parts used in the assembly of motorcycles, including leaf springs and wiring harness. In addition, ministers agreed to extend duty remission for completely knocked down kits for assembly of motorcycles at a rate of 10 per cent.

The growth of investment in metal and allied sub-sector has enhanced the capacity to manufacture various iron and steel products in the region. To safeguard the gains in this sub-sector, the ministers agreed to retain the duty rate at 35 per cent with the corresponding specific rates for imported iron and steel products for a further one year.

In order to promote and protect the textile and apparel sector, which is one of the nine Bottom-up Economic Transformation Agenda (BETA) value chains prioritised in this Budget, Kenya was allowed to apply a rate of 25 per cent on selected fabric products with corresponding specific duty rates in order to curb under-valuation and under-invoicing of imported products. Further, to ensure competitiveness of textile products that are produced locally in sufficient quantities, Kenya was granted a stay of application and will apply a higher duty of 35 per cent.

In order to reduce production cost of animal feeds, Kenya was allowed to extend importation of inputs for manufacturers of animal feeds duty-free under the East African Community Duty-Remission Scheme.

Leather and leather products are one of the value chains under Bottom-up Economic Transformation Agenda (BETA). Kenya has sufficient supply of hides and skins to meet the demand from local manufacturers of leather and leather products. In order to promote this industry and enhance incomes of our pastoral farmers, the ministers agreed to retain a stay of application of duty import on imported leather bags at 35 per cent for Kenya.

Hon. Speaker, I have just highlighted a few of the customs measures agreed by East African Community Ministers of Finance. The complete list will be gazetted by the East African Community Secretariat and will become effective starting 1st July 2024.

Let me now turn to the Finance Bill, Hon. Speaker. Allow me to highlight the tax policy measures that are proposed in the Finance Bill 2024. I will begin with the proposed amendments to the Income Tax Act, followed by Value Added Tax, Excise Duty Act, Tax Procedures Act and Miscellaneous Fees and Levies Act.

Let me start with amendments to the Income Tax Act. Currently, retirement benefits are subjected to tax. This taxation ceases at the age of 65 years. In order to support the retired employees, I propose to amend the Income Tax Act to exempt all retirement benefits paid from the Registered Pension Fund, Registered Provident Fund, Registered Individual Retirement Fund, National Social Security Fund and the Public Pension Scheme upon attainment of the retirement age. For the individuals who take up early retirement, this exemption will only apply if the individual has contributed to the pension scheme for a period of 20 years from the date of registration as a member.

In addition, the annual limit of pension contribution that is exempt from tax is 30 per cent of the individual income or Ksh240,000, whichever is lower. Considering that this limit has not been revised since 2005, and to encourage savings for social security after retirement, I propose to increase this limit to Ksh360,000 per annum.

Further, I propose to allow deduction contribution to a post-retirement medical fund subject to a limit of Kenya Shillings 10,000 per month. This will promote savings for post-retirement health care needs.

Currently, the threshold above which withholding tax applies on payments for management fees, professional fees, training fees and contractual fees is Ksh24,000 per month. I propose to amend the Income Tax Act to remove this threshold since it creates a room for tax planning and is a challenge to tax administration.

Despite the Income Tax Act providing a corporate tax rate of 30 per cent, some taxpayers pay tax at an effective rate of less than 15 per cent. This is due to vigorous tax planning and tax incentives provided under the Act. To prevent this practice, I propose to amend the Income Tax Act to introduce a minimum top-up tax payable by a multinational group with a consolidated annual turnover of €750 million whose effective corporate tax rate is below 15 per cent.

The spectrum of license fees paid by telecommunication operators are currently not tax deductible, thus creating unfairness in the tax system. In this regard, I propose to amend the Income Tax Act to allow telecommunications network operators to deduct the spectrum licenses fees over a period of 10 years.

Advanced pricing agreements have emerged as a valuable tool for preventing tax disputes related to transfer pricing of cross-border transactions. In this regard, I propose to empower the commissioner to enter into advanced pricing agreement with taxpayers engaged in transactions with related entities.

To attract international financial investors in Kenya and reinforce Kenya's position as a regional financial hub, I propose to reduce the rate of capital gains tax from 15 per cent to 5 per cent for firms that are certified by the Nairobi International Financial Centre of Origin.

A transfer of property between an individual and an entity where the individual holds 100 per cent shareholding does not constitute a gain. In this respect, I propose to exclude from capital gains tax this kind of transfer.

The digital services tax was introduced to prevent tax-based erosion occasioned by migration of traditional businesses from physical shops to online platform that is not visible by the commissioner for tax purposes. It has been noted that the design of the tax does not capture all taxpayers thus leading not only to loss of revenue, but also to unfairness in taxation. For this reason, and in line with international best practice, I propose to amend the Income Tax Act to replace the digital services tax with the significant Economic Presence Tax.

To expand the tax base and make our country self-reliant, I propose to introduce an annual motor vehicle tax at the rate of 2.5 per cent of the value of the vehicle subject to minimum amount of Ksh5,000.

Let me now turn to gains. There are substantial gains for Kenyans. Currently, the tax-free amount on subsistence allowance paid to employees in the private sector for a period spent outside the usual place of work while on official duties is capped at Ksh2,000 per day. This is quite low considering the inflation that has occurred over the years.To cushion employees in the private sector from the high cost of living, I propose to review the threshold to an amount not exceeding 5 per cent of the employees' monthly gross earnings.

Hon. Speaker, the Affordable Housing Levy and Pay-as-you-Earn (PAYE) are calculated from the same base, leading to double taxation. To address this, I propose to make the Housing Levy a deductible expense. This means that there is tax savings for Kenyans and, therefore, affording Kenyans more money in their pockets.

In order to encourage Kenyans to continue constructing their own houses, I propose to increase the limit of interest payments that qualify for mortgage relief from Ksh300,000 to Ksh360,000 per annum.

Let me turn to amendments to the Value Added Tax (VAT). I will now highlight the amendments to the Value Added Tax. Currently, the registration of Value Added Tax is a requirement for a person who makes taxable supplies of Ksh5 million or more. This threshold was last reviewed in 2007. In recognition to the effects of inflation over the years and to enhance efficiency in tax administration, I propose to increase the threshold to Ksh8 million.

Hon. Speaker, the VAT Act allows taxpayers making both taxable and exempt supplies to claim input tax, where the proportion of exempt supplies is less than 10 per cent. This has led to tax planning and hence loss of Government revenue. To address this, I have proposed the removal of the threshold so that only the input tax relating to taxable supplies are deductible.

In support of the Government's effort to combat malaria, I propose to remove VAT on mosquito repellents and raw materials that are used in the manufacture of repellents. This will encourage local production of the repellents.

Tax expenditure was estimated at Ksh393.6 billion, or about 2.9 per cent of GDP for the year 2022. Of this amount, VAT tax expenditure amounted to Ksh248.3 billion, or what is 63.1 per cent of the total estimate of tax expenditure, which is a large erosion of the VAT tax base. Tax expenditure creates avenues for revenue leakage and thus denying Government the revenue to support key priorities that benefit majority of the citizens in Kenya.

Recognising the importance of tax expenditure in the promotion of investment and addressing welfare challenges in the economy, and in line with the medium-term revenue strategy, I propose to rationalise the VAT tax expenditure as provided for in the VAT Act in form of exemptions and zero rating based on the following criteria:

1. Goods currently exempt be subjected to VAT.
2. Zero rated finished goods and services be exempt from VAT.
3. Zero rating be restricted to goods and taxable services that are meant for export.

Based on the above criteria, I have proposed several amendments to the First Schedule of the VAT Act in order to move some goods and services from exempt to vatable status. In addition, I have also proposed amendments to the Second Schedule of the VAT Act so that we can move some of the goods and services from zero rating to either exempt status or vatable. This rationalisation is expected to expand the VAT tax base and create fairness in taxation.

Let me turn to amendments in the Excise Duty Act. On the tax measures under excise duty, I propose to change as follows: I propose to change the due date to payment of excise duty on alcoholic beverages from 24 hours to within five working days after removal from the stockroom. The 24-hour time frame has posed administrative challenges as well as cash flow challenges to the taxpayers.

To protect local assemblies and create fairness and equity in taxation, I propose an introduction of excise duty on imported, fully built motorcycles at a rate of 10 per cent of the customs value in addition to the specific tax duty rate of Ksh12,952.83 per unit, whichever is higher.

Participation in betting, gaming, prize competition and lotteries continues to affect the socio-economic fabric of our society, given their addictive nature. Last year, we raised excise duty on these activities from 7.5 per cent to 12.5 per cent to discourage participation. Despite this increase, participation rate in these activities by Kenyan citizens, especially school-going children and young adults, continues to persist. To further discourage this behavior, I propose to increase the excise duty tax rate to 20 per cent.

In line with the research findings commissioned by the National Treasury on the taxation of alcoholic beverages, I propose to review the excise duty structure on wines and beer from specific rates per litre to the rate of Ksh22.50 cents per centilitre of pure alcohol. In other words, we want to start taxing alcohol beverages on the basis of alcohol content. Further, I propose to change excise duty rate on spirits from specific rates per litre to Ksh16 per centilitre of pure alcohol. This new structure of taxation based on alcoholic content does not distort the markets and does not affect the investment decision and it is expected to encourage responsible consumption behaviour of those alcoholic beverages.

I also propose to review the excise duty structure on cigarettes in line with the research conducted and advice that has recommended the harmonisation of excise duty rates for cigarettes with and without filters at the rate of Ksh4,100 per mile. This will reduce the incentive for mis-declaration and illicit trade. I propose to increase the excise duty rate from Ksh1,594.50 per kilogram to Ksh2,000 per kilogram on products containing nicotine or nicotine substitutes to address their adverse effects on human health. This excludes those approved medicinal products. Additionally, I propose to increase the excise duty rate on liquid nicotine for electronic cigarettes from Ksh70 per millilitre to Ksh100 per millilitre.

To provide fair treatment to both residents and non-residents offering excisable services, I propose to amend the Excise Duty Act to charge excisable services offered in Kenya by non-residents through a digital platform. The Finance Act introduced excise duty on fees charged on advertisement of alcoholic beverages, betting, gaming, rotaries and prize competition on TVs, print media, billboards and FM stations. This resulted to a shift in choice of advertisement platform from the traditional media to internet and social media. To create a level-playing field and to achieve the intended purpose, I propose to expand the scope of those taxes to include fees charged on internet and social media advertisements.

In order to enhance the administrative efficiency in the issuance of excise licenses to persons dealing with excisable goods or services, I have proposed an amendment to provide for issuance of licenses within 14 working days upon receipt of all required valid documents by the commissioner.

The Finance Act, 2023 introduced duty on imported eggs, potatoes and onions at the rate of 25 per cent. To promote trade across the East African region, I propose the removal of this Excise Duty on imported eggs, potatoes and onions originating from East African Community partner States, subject to goods meeting the East African Community Rules of Origin. Currently, Excise Duty is 15 per cent on telephone and internet data services, fees charged on money transfer services by banks, fees charged on money transfer by agencies and other financial service providers, and fees charged by cellular phone service providers. I propose to retain the Excise Duty rate of 15 per cent on fees charged on money transfer services by cellular phone service providers to benefit retail electronic payments ecosystem.

Hon. Speaker, I will now highlight the proposed amendments to the Tax Procedures Act. Currently, there is no validity period for the agency notices issued for enforcement of collection of unpaid taxes. This gap often leads to tax disputes and delayed revenue collection. To address this, I propose to amend the Tax Procedures Act to provide a one-year validity period for agency notices. In order to align the timelines for claiming VAT refunds in the Tax Procedures Act and VAT Act, I propose to delete the reference on timelines for claiming refunds under the VAT Act so that the applicable timeline is the six months that is provided under the Tax Procedures Act.

Currently, registered manufacturers whose value of investment in the preceding three years is at least Ksh3 billion are exempted from withholding VAT. In order, to promote equity and create fairness to all manufacturers, I propose to amend the Tax Procedures Act to remove this exemption and also to clarify that enforcement and collection of taxes will be undertaken where a decision of the Tribunal or Court is in favour of the Commissioner and stay orders have not been obtained against the decision. The 60 days provided to the Commissioner in the Tax Procedures Act to review documents submitted by the taxpayers in support of an objection of tax assessment by the Commissioner are not adequate to ensure comprehensive review. In order to give the Commissioner adequate time, I propose to extend the timeline to object decisions of the Commissioner from 60 days to 90 days.

Let me now move to amendments to the Miscellaneous Fees and Levies Act. Last year, a 17.5 per cent Export and Investment Promotion Levy was introduced on imported goods that are also locally produced in adequate quantities. In the Finance Bill, 2024, the list of goods has been expanded and the rate of the Levy reduced to 3 per cent for most of the items, and others to 10 per cent.

To facilitate the National Intelligence Service (NIS) to carry out its mandate, I propose to amend the Miscellaneous Fees and Levies Act to exempt NIS from payment of Import Declaration Fee and Railway Development Levy on security equipment and motor vehicles imported or purchased locally for official use.

The high production and importation of hazardous goods, particularly electrical and electronic devices, into the country has led to a significant increase in electronic waste (e-waste) in Kenya. This surge in waste production poses a considerable risk to both the environment and human health. In this regard, I propose to introduce Eco-Levy on various products to be payable in line with the Polluter Pays Principle. The Levy will be imposed under the Miscellaneous Fees and Levies Act.

I now move to amendments to the Kenya Revenue Authority Act. In order to enhance public knowledge and literacy on tax matters, I propose to amend the Kenya Revenue Authority

Act to enable the Kenya School of Revenue Administration to collaborate with other institutions of higher learning to develop curriculum, assess and examine students, and award certificates in tax matters. I have submitted this amendment in a separate Bill.

Hon. Speaker, in conclusion, the Government, under the leadership of His Excellency the President, Hon. Dr. William Samoei Ruto, has succeeded in steering the country through a difficult period of global and domestic challenges. Remarkably, the economy has recovered from the lagged effects of COVID-19 pandemic and unwinding from persistent and successive domestic and external shocks that created some permanent effects.

The policies and structural reforms outlined in this Budget have laid a firm foundation to protect this fragile recovery for a sustained socio-economic transformation. Financing development is critical to this economic transformation. That is why raising adequate tax revenues is a core pillar for this economic transformation and growth. I am confident that these measures will create jobs, strengthen economic recovery and reduce the cost of living in the country, thereby providing the much-needed relief to the common *mwananchi*. I, therefore, urge Hon. Members and all Kenyans to support the implementation of the measures contained in this Budget for our mutual prosperity.

Finally, achieving a prosperous Kenya also requires leadership and the support of every Kenyan. For this reason, I wish to thank His Excellency the President Hon. Dr. William Samoei Ruto and His Excellency the Deputy President Hon. Rigathi Gachagua for their continued wise guidance, leadership and even perseverance to long working hours.

My special appreciation goes to the Prime Cabinet Secretary, the Attorney-General, my fellow Cabinet Secretaries, respective Principal Secretaries and Accounting Officers and staff in all MDAs for their support and contributions to the FY 2024/25 Budget-making process.

My sincere appreciation also goes, first, to you, Hon. Speaker of the National Assembly and your counterpart in the Senate; the Majority Leader and the Minority Leader as well as the entire leadership of the two Houses of Parliament, including the respective Clerks, for overseeing the approval process of the Budget Estimates for Financial Year 2024/25 and the related documents.

Secondly, my sincere appreciation also goes to the Honourable Chairpersons and Members of both the Budget and Appropriations Committee and the Departmental Committee on Finance and National Planning, and all other Departmental Committees of this House as well as the staff of the Parliamentary Budget Office for their constructive inputs and excellent leadership during the approval and discussions of the Budget process.

Thirdly, my appreciation goes to my colleagues at the Ministry of the National Treasury and Economic Planning led by Dr. Chris Kiptoo, the Principal Secretary for the National Treasury; and Mr. James Muhati, the Principal Secretary for the State Department for Economic Planning, including the leadership of all MDAs, for their commitment, dedication and support in the preparation process of this Budget.

Fourth, my appreciations goes to the Management and Staff of the Central Bank of Kenya, Kenya Revenue Authority, Financial Sector Regulators and other MDAs for their contributions and advice during the Budget-making process.

Fifth, my gratitude goes to our Multilateral and Bilateral Development Partners for their continued technical and financial support. Further, I thank players in the private sector for their sustained contribution and discussions in support of the growth of our economy.

Sixth, I appreciate the media and non-state actors for their active engagement and participation in the Financial Year 2024/25 budgeting process.

I remain immensely grateful to my family for their support and inspiration as I execute my duties at the Ministry of the National Treasury and Economic Planning, which is not an easy task, I can tell you.

Lastly, my utmost gratitude goes to all Kenyans for their contributions, proposals and suggestions received during the finalisation of the Budget proposals. The outcome of these measures are to our own benefits and a reward to perseverance of the difficulties that we have gone through and the difficulties ahead of us.

Thank you and may God bless you.

(Applause)

Hon. Speaker, before I resume my seat, you will recall that I have already submitted to this House the Budget Estimates and the Finance Bill, 2024 together with the accompanying documents as required by the Public Finance Management Act, 2012. Today, I further submit the following documents to this august House, and I request that you graciously receive them:

1. The Budget Statement for the Financial Year 2024/2025;
2. The 2024 Budget Policy Statement;
3. Estimates of Revenue, Grants and Loans for the Financial Year 2024/2025 Budget;
4. Financial Statements for the Year 2024/2025 Budget;
5. The Medium-Term Debt Management Strategy 2024;
6. The Budget Highlights - the Mwananchi Guide for the Financial Year 2024/2025 Budget; and,
7. The Statistical Annex to the Budget Statement for the Financial Year 2024/2025.

Hon. Speaker, I submit.

(Applause)

Hon. Speaker: Thank you, Cabinet Secretary. Cabinet Secretary, I am waiting for the handing over of the documents.

(The Cabinet Secretary handed the documents to the Hon. Speaker)

Hon. Speaker: Thank you. You may take your seat. Hon. Members, I wish to thank the Cabinet Secretary for the National Treasury and Economic Planning for ably making a public pronouncement of the Budget Policy Highlights and Revenue-Raising Measures for the National Government for the Financial Year 2024/2025 and the Medium-Term Debt Management Strategy 2024.

In this regard, Hon. Members, I wish to confirm that in conformity with the provisions of Article 221(1) of the Constitution, Sections 37, 39 and 39A of the Public Finance Management Act 2012 and Standing Order 244C, the Cabinet Secretary submitted to the National Assembly the documents and legislative proposals required to implement the National Government Budget for the Financial Year 2024/2025 on 30th April 2024. This is within the prescribed timeline. The documents submitted by the Cabinet Secretary included the Estimates of Revenue and Expenditure for the National Government, and the Finance Bill 2024, which is currently under consideration by the House.

Hon. Members, it is now my pleasure to invite all Hon. Members, the Cabinet Secretary for the National Treasury and Economic Planning, all Cabinet Secretaries present and other invited guests to our reception at the Parliamentary Courtyard at the rise of the House.

ADJOURNMENT

Hon. Speaker: Hon. Members, the House stands adjourned until Tuesday, 18th June 2024 at 2.30 p.m.

The House rose at 5.17 p.m.

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