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PARLIAMENT
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PAPER LAID

KENYA NATIONAL ASSEMBLY

PAPER LAID
By the chair
BAC, Hon
Munyira,
Munyira
on Tuesday
21-3-2017
[Signature]

ELEVENTH PARLIAMENT - FIFTH SESSION

THE REPORT OF THE BUDGET AND APPROPRIATIONS COMMITTEE ON THE
MESSAGE FROM THE SENATE ON THE DIVISION OF REVENUE BILL, 2017

21st MARCH 2017

Preamble

Mr. Speaker Sir, In accordance with Article 218 of the Constitution, the National Assembly considered and passed the Division of Revenue Bill 2017 on 14th February 2017. In line with provisions of Article 110(4) of the Constitution and standing orders 41 of the National Assembly, the message was subsequently submitted to the Senate on the 15th February for its consideration and concurrence.

The Senate reviewed the bill and made amendments and as required by the standing orders and the constitution the senate conveyed their message to this house on 14th March 2017 and as required this matter was committed to the Budget and Appropriation Committee. This report therefore is a culmination of the Committee's deliberations on the proposed Senate amendment to the Division of Revenue Bill 2017.

Article 221 (4 and 5) of the Constitution and the Public Finance Management Act, 2012 provides for the establishment of a Committee of the National Assembly whose main role is to take the lead in budgetary oversight by the National Assembly. In this regard, Standing Order 207 establishes the Budget and Appropriations Committee with specific mandates among which is to:

- i. Investigate, inquire into and report on all matters relating to coordination, control and monitoring of the national budget, and.
- ii. Examine the Division of Revenue Bill
- iii. Discuss and review the estimates and make recommendations to the House.

Mr. Speaker Sir, the Budget and Appropriations Committee as currently constituted comprises of the following Honorable Members:

1. **Hon. Mutava Musyimi, CBS, M.P.** - **Chairperson**
2. **Hon. Mary Emaase, M.P** - **Vice Chairperson**
3. Hon. Phillip Rotino, M.P
4. Hon. Benjamin Langat, M.P.
5. Hon. John Mbadi, CBS, M.P.
6. Hon. Edick Omondi Anyanga, M.P
7. Hon. (Dr.) Makali Mulu, M.P
8. Hon. Ferdinand Waititu, M.P
9. Hon. Jackson Kiptanui, M.P.

- 10.Hon. Jamleck Kamau, E.G.H, M.P.
- 11.Hon. Mohamed Shidiye, M.P.
- 12.Hon. Moses Lessonet, M.P.
- 13.Hon. Moses Ole Sakuda, M.P.
- 14.Hon. Nelson Gaichuhie, M.P.
- 15.Hon. Richard Onyonka, M.P
- 16.Hon. Shakeel Shabbir, M.P
- 17.Hon. Yusuf Hassan Abdi, M.P
- 18.Hon. Abdulaziz Farah, M.P.
- 19.Hon. (Dr.) Reginalda Wanyonyi, M.P.
- 20.Hon. Abdullahi Diriye M.P
- 21.Hon. Ahmed.I. Abass, M.P
- 22.Hon. Alice Ng'ang'a, M.P.
- 23.Hon. Bady Bady Twalib, M.P
- 24.Hon. Ben Momanyi, M.P
- 25.Hon. Christopher Nakuleu, M.P
- 26.Hon. Christopher Omulele, M.P.
- 27.Hon. Daniel Nanok, M.P.
- 28.Hon. Denittah Ghati, M.P.
- 29.Hon. Dennis Kariuki, M.P.
- 30.Hon. Francis Njenga, M.P.
- 31.Hon. Gideon Ochanda, M.P.
- 32.Hon. James Gakuya, M.P.
- 33.Hon. James K. Bett, M.P
- 34.Hon. Jonathan Lelelit, M.P.
- 35.Hon. Jones Mlolwa, M.P.
- 36.Hon. Joseph Limo, M.P.
- 37.Hon. Kathuri Murungi, M.P
- 38.Hon. Kenneth Okoth , M.P
- 39.Hon. K.K Stephen Kinyanjui, M.P.
- 40.Hon. (Maj.) Marcus Muluvi, M.P
- 41.Hon. Moses Kuria, M.P
- 42.Hon. Muriuki Njagagua, M.P.
- 43.Hon. Nasra Ibrahim, M.P.
- 44.Hon. (Dr.) Njogu Barua, M.P

- 45.Hon. Patrick Ole Ntutu, M.P.
- 46.Hon. Peter Weru, M.P.
- 47.Hon. Priscilla Nyokabi, M.P.
- 48.Hon. Richard Tongi, M.P.
- 49.Hon. Samuel Gichigi, M.P.
- 50.Hon. Suleiman Murunga Kasuti, M.P.
- 51.Hon. Tiyah Galgalo, M.P.

BACKGROUND AND EXECUTIVE SUMMARY

Standing Order No. 148 of the Senate Standing Orders requires that a Bill, which originates in the National Assembly, be proceeded with by the Senate in the same manner as a Bill introduced in the Senate by way of First Reading in accordance with Standing Order No. 129.

Mr. Speaker, The Division of Revenue Bill was read a First Time in the Senate on Thursday, 16th February, 2017, and thereafter the Bill stood committed to the Standing Committee on Finance, Commerce and Budget pursuant to standing order 130 (1) of the Senate standing orders.

Mr. Speaker, The Senate upon receiving the submission of the National Assembly message, through the relevant standing Committee on Finance, Commerce and Budget considered and deliberated with the relevant key stakeholders pursuant to Article 118 (1) (b) of the Constitution and standing order 130(4) of the Senate. Subsequently, Senate passed the Division of Revenue Bill 2017 with amendments as herein contained in the body of this report.

Mr. Speaker, The Bill (DoRB) provides for the Division of nationally raised revenue between the two levels of government as well as setting out specific resources to be provided to counties as conditional grants and loans, and the Equalization Fund. In addition, the Bill is accompanied by an explanatory memorandum as required in Article 218(2) of the Constitution setting out the explanation of revenue allocation as proposed by the Bill along with the evaluation of the Bill in relation to the criteria mentioned in Article 203(1) of the Constitution. It also, as required, provides a summary of any significant deviation from the recommendations from the Commission on Revenue Allocation with an explanation for each such deviation.

Mr. Speaker , The enactment of the Division of Revenue Bill is critical in setting the stage for the preparation of the County Allocation of Revenue bill, which will inform the preparation of respective county budget documents in a manner that is timely and enables fiscal clarity. Given the revised budget calendar due to the August general elections, the early conclusion and subsequent enactment of DoRB will enable the counties to carry on with their budgeting process.

Acknowledgement

Mr. Speaker, the Budget and Appropriations Committee is immensely grateful to the Office of the Speaker, the Office of the Clerk of the National Assembly and the Parliamentary Budget Office and other technical teams for the unwavering support received as it discharged its mandate during the deliberations on the proposed amendments.

Mr. Speaker, On behalf of the Members of the Budget and Appropriations Committee, and as required under Articles 204 and 221(5) of the Constitution, as well as sections 18(4) and 39(2) of the Public Finance Management Act 2012; it is with great pleasure that I present to this House the Committee's report (herein annexed) on the message from Senate on proposed Amendments to the Division of Revenue Bill 2017.

Signed


.....
Hon. Mutava Musyimi, CBS, M.P.
Chairman, Budget And Appropriations Committee

.....
21.3.2017
.....
Date

THE MESSAGE FROM THE SENATE ON THE DORB, 2017

1.0 INTRODUCTION

1. In accordance with Article 218 of the Constitution, The National Assembly considered and passed The Division of Revenue Bill, (DORB) 2017 on 14th February 2017 without amendments. Pursuant to provisions of Article 110 (4) of the Constitution read together with Standing Orders 41 of the National Assembly, with respect to the messages to and from the Senate, the message was submitted to the Senate on 15th February 2017 for its consideration and concurrence.
2. In passing the Bill, the National Assembly took cognizance of the provisions of Article 95 (4) of the Constitution that specifically provides that the National Assembly;
 - a) *Determines the allocation of national revenue between the levels of government*, as provided in Part 4 of Chapter 12;
 - b) *Appropriates funds for expenditure by the national government and other State organs*; and
 - c) Exercises oversight over national revenue and its expenditure.

2.0 CONTENTS OF THE DIVISION OF REVENUE BILL, 2017.

3. The revenue raised nationally is shared in accordance to Articles 202 and 203 of the Constitution. The DORB 2017 as passed by the National Assembly projected to share total revenue of **Kshs. 1,549,412,000,000** between the national government, the county governments and the equalization fund as follows;
 - a) National Government **Kshs 1,238,343,840,000**,
 - b) County Governments **Kshs 323,757,560,000** which comprised of equitable share of
 1. County Equitable Share, Kshs 291,136,160,000
 2. Conditional Allocations Kshs 12,205,000,000 of which;
 - i.) *Leasing of Medical Equipment*, 4,500,000,000
 - ii.) *Level 5 hospitals*, 4,200,000,000
 - iii.) *Rehabilitation of Youth Polytechnics*, 2,000,000,000
 - iv.) *Compensation for User Forgone*, 900,000,000
 - v.) *Construction of County Headquarters*, 605,000,000
 3. Additional County Conditional Allocations (not part of sharable revenue) Kshs 20,416,400,000 of which

c) Equalization Fund Kshs 7,727,000,000.

4. The DORB 2017 also contained explanatory notes with respect to sharing the revenue and determining the share. Mr. Speaker Sir, it is important to note that clause 5 of the DORB 2017 expressly provided mechanisms of addressing variance that may occur as result of poor revenue performance. It provided that in the event that the actual revenue raised nationally during the financial year falls short of the expected revenue set out in the schedule, the shortfall shall be borne by the national government, to the extent of the threshold prescribed in the PFM Regulations. This is in itself an undertaking that County governments' allocations are guaranteed irrespective of likely poor economic performance.
5. Guided by the prevailing economic situation that Kenya is currently facing such as expected overall slowdown in economic growth, the current drought and its consequential effects on the economy, the insecurity and other internal as well as external threats, the current trends of public debt, the current agitation of increase in salaries, and financing options as well as reducing the deficit, the National Assembly passed the Bill having regard to above factors among others.

3.0 PROPOSED SENATE AMENDMENT TO THE DIVISION OF REVENUE BILL, 2017

6. After submission of the National Assembly's message to the Senate on the **Division of Revenue Bill, 2017**, the Senate considered and held deliberations with other key stakeholders that included; the National Treasury, the Commission on Revenue Allocation(CRA), the Council of Governors (CoG) and mounted public consultations with the members of public including The Institute for Social Accountability (TISA).
7. Arising from the consultations, the Senate considered and passed the Division of Revenue Bill, 2017 with amendments as follow;
 - a) National Government **Kshs 1,214,815,029,224.40**
 - b) County Governments **Kshs 352,835,150,536.60** which comprised of equitable share of
 1. County Equitable Share, Kshs 314,664,970,775.60
 2. Conditional Allocations Kshs 12,205,000,000 of which
 3. Additional County Conditional Allocations (not part of sharable revenue) Kshs 25,965,179,761 of which

- i.) *Conditional Allocations (loans & grants)* 18,090,179,761
- ii.) *Allocation from fuel levy (15%)* 7,875,000,000

8. The Senate amendments effectively increases the county equitable share by Kshs 23,528,810,775.60 from Kshs 291,136,160,000.00 to Kshs 314,664,970,775.60. It also equally reduces the national government’s share by the same margin of Kshs 23,528,810,775.60 from initial allocation of Kshs 1,238,343,840,000 to Kshs 1,214,815,029,224.40.
9. The second amendment is in relation to Additional County Conditional Allocations (not part of sharable revenue) of Kshs 25,965,179,761 an increase of Kshs 5,548,779,761. From the submission of the National treasury, it appears that there are new donor commitments on loans and grants amounting to Kshs 5,548,779,761.00 to cater mainly for Health and agriculture devolved system. The donors are the European Union, International Development Assistance (IDA) and DANIDA.

Annex 1 gives the Comparison between the National Assembly’s version alongside the Senate’s version of Division of Revenue Bill, 2017.

4.0 DISCUSSION OF THE SENATE MESSAGE ON THE DORB 2017

10. The total effect of the amendments increases the Total county allocation from Kshs 323,757,560,000 to Kshs 352,835,150,536 an increase of Kshs 29,077.59 million. Out of these, additional county conditional allocation of Kshs 5,548.78 million is funded and guaranteed as donor support. Details of the variance between the National Assembly’s Recommendations and that of the Senate are as indicated in the table below.

Table 1: The affected items under the Division of Revenue Bill, 2017

	National Assembly	Senate	Deviation
Total Shareable Revenue	1,549,412.00	1,549,412.00	-
National Government	1,238,343.84	1,214,815.03	(23,528.81)
County Government	303,341.160	326,869.97	23,528.81
County Equitable Share	291,136.16	314,664.97	23,528.81
Additional County Conditional Allocations (not part of sharable revenue)	20,416.40	25,965.18	5,548.78

Conditional Allocations (loans & grants)	12,541.40	18,090.18	5,548.78
Total Conditional Allocations	32,621.40	38,170.18	5,548.78
Grand Total County Allocations	323,75.56	352,835.15	29,077.59

11. **Mr. Speaker**, after a critical review of the message from the Senate on the Division of Revenue Bill, 2017, the Committee makes several observations that demonstrate failure by the Senate to appreciate the current economic slowdown being experienced across the county. The increase of allocations to the county governments lacks the following;

- i.) Justification of any new functions having been transferred to counties.
- ii.) A review of efficiency and effectiveness in utilization of county resources.
- iii.) A review of potential to raise additional resources at county level.
- iv.) Proposal of which national government programmes that should be deferred to release resources to the counties.

12. Increasing allocations to county governments without adequately generating revenue commensurately to fund such increase will result to the following;

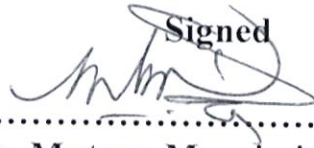
- i.) This would result to a further deficit of Kshs 23,528.81 million that would adversely affect service delivery especially at national government level thereby threatening already underfunded functions such as security, education.
- ii.) This may also result to swelling the public debt as it would imply borrowing either domestically or from external market to fund already precarious deficit budget.
- iii.) The Senate's arbitrary increase of Kshs 23,528.81 million totally disregards the prevailing economic situation in the county and is out of touch with realism in budget processes. The Senate has failed to demonstrate how they arrived at the above figure or factors to consider in arriving at figure.
- iv.) Whereas there is evidence from the National treasury's submission on the additional county conditional allocations support to devolved system, it lacks the breakdown between grants and loans thereby likely to increase our indebtedness. Further, the constitution safeguards against intergenerational inequality by ensuring that the

burdens and benefits of the use of resources and public borrowing are shared equitably between present and future generations.

5.0 RECOMMENDATION

13. **Mr. Speaker**, the already recommended total county governments' share of Kshs 323,757.56 million is equivalent to 34.6% and exceeds the constitutionally recommended threshold of at least 15% of the last audited accounts and approved. Arising from the consideration and discussions on the Senate Message on the Division of Revenue Bill, 2017 the Committee recommends that this House should not concur with the proposed amendments by the Senate and therefore rejects deletion of the Schedule as well as the proposed substitution therefor by a new schedule.

Signed



.....
Hon. Mutava Musyimi, CBS, M.P,
Chairperson, Budget and Appropriations Committee

21.3.2017

.....
Date

Annex 1: Comparison between the National Assembly Version against the Senate version of Division of Revenue Bill, 2017

	The NA Version Amount in Kshs in millions	The Senate Version Amount in KSh.	Variance between the NA Vs The Senate Versions in Kshs in millions.
A. Total Shareable Revenue (B+C+D)	1,549,412.00	1,549,412.00	-
B. National Government	1,238,343.84	1,214,815.03	(23,528.81)
C. Equalization Fund	7,727.00	7,727.00	-
D. County Government	303,341.160	326,869.97	23,528.81
1. County Equitable Share	291,136.16	314,664.97	23,528.81
2. Conditional Allocations	12,205.00	12,205.00	-
2.1 Leasing of Medical Equipment	4,500.00	4,500.00	-
2.2 Compensation for User Forgone	900.00	900.00	-
2.3 Level 5 hospitals	4,200.00	4,200.00	-
2.4 Construction of County Headquarters	605.00	605.00	-
2.5 Rehabilitation of Youth Polytechnics	2,000.00	2,000.00	-
E. Additional County Conditional Allocations (not part of sharable revenue)	20,416.40	25,965.18	5,548.78
3. Allocation from fuel levy (15%)	7,875.00	7,875.00	-
4. Conditional Allocations (loans & grants)	12,541.40	18,090.18	5,548.78
Total Conditional Allocations	32,621.40	38,170.18	5,548.78
F. Total County Allocations (D+E)	323,75.56	352,835.15	29,077.59

MINUTES OF THE 9th SITTING OF THE BUDGET AND APPROPRIATIONS COMMITTEE (BAC) HELD ON THURSDAY 16th, MARCH, 2017 IN COUNTY HALL MINI CHAMBERS, AT 11:00 A.M.

Present

1. **Hon. Mutava Musyimi, M.P.** -Chairperson
2. **Hon. Mary Emaase, M. P.** -Vice Chairperson
3. Hon. Phillip Rotino, M.P
4. Hon. Richard Onyonka, M.P.
5. Hon. (Dr.) Makali Mulu, M.P.
6. Hon. Christopher Omulele, M.P.
7. Hon. (Maj.) Marcus Muluvi, M.P
8. Hon. Francis Njenga, M.P.
9. Hon. Mohammed Shidiye, M.P.
10. Hon. Suleiman Murunga Kasuti, M.P.
11. Hon. Abdullahi Diriye M.P
12. Hon. Daniel Nanok, M.P.
13. Hon. Gideon Ochanda, M.P.
14. Hon. K.K. Stephen Kinyanjui, M.P
15. Hon. Moses Kuria, M.P
16. Hon. Priscilla Nyokabi, M.P.
17. Hon. (Dr.) Reginalda Wanyonyi, M.P.
18. Hon. Richard Tongi, M.P.
19. Hon. Samuel Gichigi, M.P.
20. Hon. Jonathan Lelelit, M.P.
21. Hon. Jones Mlolwa, M.P.
22. Hon. Edick Omondi Anyanga, M.P
23. Hon. Moses Lessonet, M.P.
24. Hon. Moses Ole Sakuda, M.P
25. Hon. Nelson Gaichuhie, M.P.
26. Hon. Christopher Nakuleu, M.P
27. Hon. Alice Ng'anga, M.P.
28. Hon. Nasra Ibrahim, M.P.
29. Hon. Kathuri Murungi, M.P
30. Hon. James Gakuya, M.P.
31. Hon. Yusuf Hassan Abdi, M.P

Absent

1. Hon. Benjamin Langat, M.P.

2. Hon. Jamleck Kamau, M.P.
3. Hon. Ferdinand Waititu, M.P
4. Hon. Jackson Kiptanui, M.P.
5. Hon. Shakeel Shabbir, M.P.
6. Hon. John Mbadi, M.P.
7. Hon. Abdulaziz Farah, M.P.
8. Hon. Ahmed I. Abass, M.P.
9. Hon. Bady Bady Twalib, M.P.
- 10.Hon. Ben Momanyi, M.P
- 11.Hon. Denis Kariuki, M.P.
- 12.Hon. Denittah Ghati, M.P.
- 13.Hon. James K. Bett, M.P
- 14.Hon. Joseph Limo, M.P.
- 15.Hon. Kenneth Okoth , M.P
- 16.Hon. Patrick Ole Ntutu, M.P.
- 17.Hon. Peter Weru, M.P.
- 18.Hon. Tiyah Galgalo, M.P.
- 19.Hon. Muriuki Njagagua, M.P.
- 20.Hon. (Dr.) Njogu Barua, M.P.

KENYA AIRWAYS TEAM

- | | |
|-------------------------|-----------|
| 1. Mr. Mbuvi Ngunze | Group,CEO |
| 2. Mr. Dick Murianki | Member |
| 3. Mrs. Beatrice Njagi | Member |
| 4. Ms. Kap Kirwok Jason | Member |
| 5. Mrs. Wanjiku Mugo | Member |
| 6. Mr. Cosmas Butiyo | Member |

PARLIAMENTARY BUDGET OFFICE

- | | |
|---------------------------|---------------------------|
| 1. Mr. Frederick Muthengi | Principal Fiscal Analyst |
| 2. Mr. Joseph Ndirangu | Fiscal Analyst III/ Clerk |
| 3. Mr. Adan Abdi | Fiscal Analyst III |
| 4. Mr. Danson Kachumbo | Fiscal Analyst III |
| 5. Mr. Jonathan Lemurt | Fiscal Analyst III |
| 6. Miss. Valentine Chweya | Intern |

AGENDA

1. Preliminaries
2. Confirmation of Agenda
3. Matters arising
4. Agenda:
 - i. *Meeting with Kenya Airways*
 - ii. *Message from Senate on the Division of Revenue Bill, 2017*
 - iii. *The Wildlife Conservation and Management (Amendment) Bill, 2017*
 - iv. *The Equalization Fund 2016/17*
5. Any Other Business

MIN BAC/09/2017/01: PRELIMINARIES

The Chairman called the meeting to order at 11.30 a.m. and led with a word of prayer. He then welcomed members to the meeting. In his introductory remarks, the Chairman informed the committee that there was a request by Kenya Airways to meet the committee so as to look at whether the committee could help the company accomplish its capital optimization process through the revision and exemption of some taxes. The chair also remarked that the company will like to share its financial position considering it has been getting budgetary allocation in the recent past.

MIN BAC/09/2017/02 CONFIRMATION OF THE PREVIOUS MEETING

The confirmations of the minutes of the previous meeting were postponed to the next meeting.

MIN BAC/09/2017/03 MATTERS ARISING

There were no matters arising since the confirmation of minutes had been deferred.

MIN BAC/ 09 /2017/04: MEETING WITH KENYA AIRWAYS

The Kenya Airways team made a submission on the company's position and concerns going forward. It was stated that KQ is confidently in good times and that turbulent times were behind it. The company took firm steps over the last two years and now has break even at operating level.

They described Kenya Airways as the driver of the countries diplomacy, the single largest foreign exchange earner, largest Kenyan multinational globally. They informed the meeting that their focus is currently on Africa and that they are

living the dream. They promised that they will constantly be updating the committee.

The meeting was informed that the company will deliver financial stability both in the short-term and long-term. It will also close the profitability gap, optimize the business model and deliver financial stability.

They registered their biggest worry as lose of employees of certain skill set like engineers, technicians and pilots to more established airlines from bigger economies. This is after investing in them for much longer including training them.

Their focus going forward is not to ask for allocation in the budget but to have support on the capital optimization process. They added that KQ pays VAT in excess of Kshs 200 million monthly and applies for refund of the VAT in subsequent months which affects the companys cashflow. They requested for the following;

- Exempt all aircraft spare parts from Value Added Tax (VAT)
- Exempt aircraft and aircraft spare parts from Railway Development Levy (RDL)
- Exempt aircraft spare parts and Jet A1 fuel from import declaration fees (IDF)
- Exempt Jet A1 for domestic flights from Excise Duty
- Approval for KQ to operate in Free Trade Zone

Concerns raised by the Members

- The committee questioned the rationale of having higher ticketing prices for destinations and not making profits. They also asked that Kenya Airways should invest more on customer service which is pegged mostly on staff morale.
- The question of ownership of Kenya Airways also surfaced for which members thought that foreigners are reaping from most benefits. Members also mentioned that KLM was benefitting more on its partnership with KQ for which the team replied that KLM agreement is a net positive to KQ.

- The committee also advised the company that they needed to have signed memorandum of understanding with its employees especially those with a certain set skill. They also advised that they needed to reduce their loan portfolio to avoid interest risks.

After lengthy deliberations, the committee advised that they needed to advance their concerns on issues of taxation with the finance and planning committee especially during the finance bill. The committee also promised that they will always be supportive of the company should it be required.

After deliberations the chair thanked the KQ team and welcomed the clerk to brief the committee on the message from Senate on the Division of Revenue Bill, 2017.

MIN BAC/09/2017/05: THE MESSAGE FROM SENATE ON THE DIVISION OF REVENUE BILL, 2017

The clerk informed the committee that during the house sitting on 14th March 2017 the committee received a message from Senate on Division of Revenue Bill, 2017. The Speaker made a ruling that the Senate amendments to the Bill are referred to the Budget and Appropriations Committee for consideration to report back to the House within seven days. In addition, the committee was given seven days to consider the amendments and report to the house.

The Committee was informed that after submission of the National Assemblies message to the senate on the Division of Revenue Bill, 2017 the senate considered and held deliberations with other key stakeholders that included; the National treasury, the Commission on Revenue Allocation, the Council of Governors, and mounted public consultations with the members of public including the Institute of Social Accountability (TISA).

The meeting was further informed that the total effect of the amendment increases the total county allocation from Kshs 323,757,560,000 to Kshs 352,835,150,536 an increase of Kshs 29,077.59 million. Out of these, additional county conditional allocation of Kshs 5,548.78 million is funded and guaranteed as donor support.

The table below gives the summary of the affected items under the Division of Revenue Bill, 2017.

Table 1: The affected items under the Division of Revenue Bill, 2017			
	National Assembly	Senate	Deviation
Total Sharable Revenue	1,549,412.00	1,549,412.00	-
National Government	1,238,343.84	1,214,815.03	(23,528.81)
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Total Conditional Allocations	32,621.40	38,170.18	5,548.78
Grand Total County Allocations	323,758.56	352,835.15	29,077.59

Concerns raised by the Members

Members were of the opinion that there cannot be justification of any extra allocation to the Counties without indicating a transfer of extra function to be done by counties. They argued that the amendment was ill intentioned and should rather the house to solve it through mediation.

The Committee went paragraph by paragraph of the report and made a couple of corrections that were incorporated in the Main Report. Finally, the Committee adopted its report on the Message from the Senate on the Division of Revenue Bill 2017 with the key recommendation that the House rejects the Senate Amendments, which will consequentially lead to formation of the Mediation Committee.

MIN BAC/09/2017/06: THE WILDLIFE CONSERVATION AND MANAGEMENT (AMENDMENT) BILL, 2017

Members were informed that the Bill introduces amendments to the Wildlife Conservation and Management Act; No.47 of 2013. It provides clarity on the

penalties for the violation of the provisions of the Act. The main objective is to ensure the protection of wildlife.

Members were also informed that the introduction of new penalties may result to increased revenue of about KSh. 1.5 billion in the 1st year, Kshs. 1 billion in the 2nd year and Ksh. 500 million in the 3rd year. However, the objective of the amendments is not essentially to collect revenues but to act as a deterrent to destruction of wildlife and its habitat. There will be more gains in conservation of wildlife from the possible reduction in poaching as result of the hefty penalties.

After deliberations, it was agreed that the bill was straight forward and will act as a deterrent to those who are hell-bent on destructing the environment. Members were also of the opinion that revenues raised by this Bill should be used to motivate forest warders who are grossly underpaid.

MINBAC/09/2017/07: EQUALIZATION FUND 2016/17

The discussion on the equalization fund was differed to the next meeting.

MIN BAC/ 09/2017/08: ADJOURNMENT

There being no other business the meeting adjourned at 1.30 p.m.

Signed



.....
Hon. Mutava Musyimi, CBS, M.P.
Chairperson, Budget and Appropriations Committee

21.3.17

.....
Date