

MACHAKOS COUNTY ASSEMBLY**OFFICIAL REPORT****Wednesday, 18th May, 2016**

The House met at 2.31 p.m.

*[The Speaker (Hon. Mung'ata) in the Chair]***PRAYERS****PAPER LAID****BENCH MARKING TOUR TO KILIFI COUNTY ASSEMBLY**

Hon. Nzeki: I beg to lay the following paper on the table of this Assembly today 18th May, 2016: the Finance and Revenue Collection committee report on benchmarking in Kilifi County Assembly.

(Hon. Nzeki laid the paper on the Table)

Hon. Speaker: Thank you. Proceed.

NOTICE OF MOTION**BENCH MARKING TOUR TO KILIFI COUNTY ASSEMBLY**

Hon. Nzeki: Pursuant to Standing Order 190 (5), I wish to give a notice of the following motion: that this House discusses and approves the Finance and Revenue Collection committee report on benchmarking with Kilifi County Assembly.

Hon. Speaker: Notice is issued, proceed.

MOTION**BENCH MARKING TOUR TO KILIFI COUNTY ASSEMBLY**

Hon. Nzeki: Thank you, Mr. Speaker, Sir. Aware that the Finance and Revenue Collection committee is mandated to deal with all matters relating to management of the county public finance and revenue collection: aware that Machakos County has been underperforming in revenue collection and aware that the committee has been urging the revenue department to improve on revenue collection and management; noting that the committee benchmarked with Kilifi County Assembly to learn on the best practices on revenue collection and management, I wish to move the motion that this Hon. House discusses and approves the Finance and Revenue

Collection committee report on benchmarking with Kilifi County Assembly. I call upon Hon. Veronica Mbithe to second the motion.

Hon. (Ms.) V. Mbithe: I second the motion.

Hon. Speaker: The motion is properly laid. Proceed and guide us on the report, chairman.

Hon. Nzeki: Mr. Speaker, Sir, the Finance and Revenue Collection committee visited Kilifi County Assembly for benchmarking on 27th November, 2015. The committee members had the opportunity to meet the executive committee member for finance and discussed widely on issues related to finance and revenue collection.

Committee Members

Mr. Speaker, Sir, the committee as constituted by this honorable Assembly comprises of the following members,

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| 1. Hon. Oliver Nzeki | - Chairman |
| 2. Hon. (Ms.) Bibiana Nduku | - V/ Chairperson |
| 3. Hon. Peter Nzioki | - Member |
| 4. Hon. Raphael Mutuku | ” |
| 5. Hon. Alphonse Wambua | ” |
| 6. Hon. (Ms.) Amina Mutio | ” |
| 7. Hon. (Ms.) Veronica Mbithe | ” |
| 8. Hon. Phillip Ndolo | ” |
| 9. Hon. (Ms.) Alice Nzioka | ” |
| 10. Hon. (Ms.) Benedette Mueni | ” |
| 11. Hon. Nathaniel Nganga | ” |
| 12. Hon. (Ms.) Nina Mbithe | ” |
| 13. Hon. David Manyolo | ” |

Mandate of the Committee

Mr. Speaker, Sir, the Finance and Revenue Collection committee as established is required under Standing Order No. 190 (5a) to investigate, inquire into, and report on all matters relating to mandate, management, activities, administration, operations and estimates of the assigned department, and 190(5d) mandates the committee to study, assess and analyze the relative success of the department as measured by the results obtained as compared with the stated objectives; further, the second schedule gives the committee specific mandate to all matters relating to the management of county public finance and revenue collection.

Benchmarking With Kilifi County Assembly

Mr. Speaker, the committee was informed that the County Assembly Budget and Appropriation committee dealt with all matters of Budget, Finance and Revenue collection. The County experienced the challenges of delayed quarterly reports by the Executive. Each committee of the County Assembly is allocated a budget to carry out its objectives.

Mr. Speaker, the committee met the Executive Committee Member for Finance and discussed extensively on matters related to revenue collection. The committee was informed that the County had carried out a pilot exercise on automation of revenue collection and that the pilot program was done by the Kenya Commercial Bank on market fees, single business permit, vehicle parking and land rates. The Kenya Commercial Bank faced challenges during the pilot exercise, that is, it could not trace persons who made payments and the purpose for the payment. The challenge led to suspension of the whole exercise

Mr. Speaker, Sir, the County is carrying out a business census and mapping out the registered shops(GPS mapping) and their related details which has been completed. This would help to inform who paid, from which location and for what purpose. New applicants will be compared with the existing and the data will be easy to collect and update. The county collected the data for mapping and payment options with the banks, M-Pesa, AirtelMoney and will allow payments with debit cards for effective business and economic growth. The county will also use point of sale gadgets to serve the traders.

Members were informed that the revenue collection machines are registered in the names of revenue collectors for full responsibility. Members were informed that the market traders had agreed to register under one umbrella SACCO like Kitunguu sellers, melon traders and cabbage traders to make their payments as a group. Members were informed that revenue collectors in the interior areas collect and forward their collections after two days and that was prone to corruption.

Mr. Speaker, members were informed that cess and parking were a major source of revenue arising from the demand of sand, ballast, stones and building blocks and the county was proposing to build weighbridges, at a cost of 7.5 million each, payable by cash or M-Pesa to avoid corrupt activities.

Mr. Speaker, Sir, members were informed that the County Government of Kilifi was exploring a proposal to use PDQs, debit cards designed for the county or automated M-Pesa cashless system to avoid corruption in revenue collection. Mr. Speaker, Sir, members were informed the previous county council was collecting more than the current County Government. The reason was that systems to safeguard revenue collection for devolved Governments were not put in place before the existence of devolution.

Mr. Speaker, Sir, the CEC emphasized that counties should create international partnerships and informed members that Malindi had partnered with Italy for the initiatives that the country has in the county which if stopped, would be punitive to the county. Members were also informed that the county wage bill was 37 per cent above the PFM Act due to the hospital staff and that some costs were not accounted for by the national government before the allocation of the equity share.

Mr. Speaker, Sir, members were informed that the county had no current payable bills pending since the county was very strict on following the drawn budget. The county always holds back retention money in a separate account for all contracts to ensure that work is done and completed reasonably as contracted.

Recommendations

Mr. Speaker, Sir, the committee recommends that the County purchases and strategically positions weighbridges for collection of cess on gravel, ballast, sand and quarrying materials. Mr. Speaker, the committee recommends that all markets within the county establish SACCOs to help monitor and streamline revenue collection at market centres. Mr. Speaker, the committee recommends that all county revenue collectors be on permanent employment terms.

Conclusion

Mr. Speaker, Sir, it is therefore my pleasant duty and privilege, on behalf of the Committee on Finance and revenue collection to table this report on benchmarking with Kilifi County Assembly in this Hon. House for consideration and adoption.

Mr. speaker, coming to this issue of weigh bridge, we found that Malindi had purchased three of them whereby one was costing Ksh. 7.5 Million and they successfully collected money from trucks who were carrying sand, building stones and quarries. On that point, I would like members of this Hon. House if they agree, we recommend that in this year's budget we buy at least two for Mlolongo quarry area.

On market centres, we found that they had established SACCOs where they had chairmen who are supposed to have names of those people who are doing business in the market and in that you find nobody will happen to start a business without the permission of the chairman of that market. It was very easy for the new comers to be enlisted in the payment of the revenue.

On collectors of revenue, they said they are still rated number one in revenue collection. We recommended that all the employees who are revenue collectors be employed on permanent terms. Thank you Mr. Speaker, Sir.

Hon. Speaker: The motion is on the floor, let us hear contributions.

Hon. Nganga: I rise to first of all congratulate the committee chair for presenting this wonderful report to the House and I would say that indeed this is one of the reasons why in our previous report that we were able to table in this House, he was cited as the best performing chairperson in this House and having been the leader of the best performing committee, I also use the same opportunity to encourage the chairs in this House to use their time and opportunity to identify those other counties that are doing well in certain aspects within which they are in charge of so that they can also benchmark with them and bring reports to this house that will be of help to the county government.

Mr. Speaker, the essence of having the weighbridges in our points of collection of revenue, especially where we have cess being collected in our quarrying sites and also in areas

where sand harvesting is done, this will help curb the rising cases of corruption and it will enhance the amount of revenue collected by our county government.

Mr. Speaker, also, the fact that we have had for the last four years now, most of our revenue collectors working for this county government on contractual terms Mr. Speaker, without permanent terms of employment that they cannot be able to review or seek redress about, is one of the biggest loopholes, bearing in mind that most of the time the salaries of these officers are delayed. It is one of the reasons why when they collect raw revenue, they pocket quite a bit of it and possibly when they get paid is when they reimburse to the county government whatever they feel is adequate to be reimbursed. There is this temptation of them remaining with money, Mr. Speaker.

It has also come to my attention that the recently recruited revenue collection officers have not been assigned to areas of work, and this in itself is part of the delay in meeting the revenue target of this county and it is one of the reasons that is occasioning the never been closed deficit within our budget, whereby we have a huge expectation of raw revenue that is supposed to be collected and we fail to work towards getting any closer towards that. With those few remarks, I beg to stop there.

Hon. Speaker: Any other contribution. Yes, Hon. Kitheka.

Hon. Kitheka: Mr. Speaker, I only want to congratulate the committee for what they have done and pose a simple question to the chairman to inform the House why funds or revenue is being collected by commercial bank in Machakos town and it is being collected by agents instead of our revenue collectors in Machakos county and what kind of an agreement has been put in place for them to collect revenue in Machakos. Thank you, Mr. Speaker.

Hon Speaker: Chairman, kindly, tell us.

Hon. Nzeki: Thank you, Mr. Speaker. Answering Hon. Kitheka from Machakos Central, I am not aware whether the commercial bank is collection money on behalf of the county. What I am aware of is instead of we going to bank or assigning someone to go and queue in the bank, they have decided to come at collection points and it is not the commercial bank which is collecting; it is our people who are collecting but it is given there and then to the commercial bank. Otherwise, it is an in-house banking; it is commercial bank and Machakos county revenue department, whereby---

Hon. Speaker: Would you want to be informed?

Hon. Nzeki: Yes.

Hon. Speaker: Okay.

Hon. Kitheka: *(On a point of information)* Mr. Speaker, I wish to inform the able chairman who has chaired a committee which has successfully won the good reputation of this House that the agents are currently in the bus park collecting money and going to bank it; there are no county government officials with them and even in other areas. Mr. Speaker, it would be prudent for the chairman to give a good answer after visiting the venue of the collection point, that is the bus park. Thank you, Mr. Speaker.

Hon. Speaker: Chairman, don't you think you need time to deliver an answer on that?

Hon. Nzeki: Yes sir, let me do some investigations.

Hon. Speaker: We will expect an answer on Tuesday.

Hon. Nzeki: One week is enough; on Thursday next week.

Hon. Speaker: Okay, Thursday next week. Let us hear Hon. Mutuku.

Hon. M. Mutuku: First and foremost, let me applaud the chair for the report. It is a good report in line with revenue collection. Mine is to comment more about the recommendations. They are good because the spirit of benchmarking is to borrow what is relevant and can assist our county and I think they have managed to borrow a lot in terms of SACCOs; businessmen and women in the markets can actually constitute SACCOs so that in terms of revenue collection it can be easy for them to remit the revenue to the relevant offices.

Mr. Speaker, Sir, if this house approves the report, the chair can share with the Executive the same recommendations, so that the recommendations which are immediate and which we have the capacity and we don't need resources to start them, they can be implemented like establishment of the SACCOs and more so, confirming the revenue clerks who have been on employment since 2013, because we have realized as much as the County Public Service Board interviewed and recruited some of them, we have revenue clerks who started the work since 2013 and they have not received letters of appointment on permanent basis. I think it is actually violation of labour laws to keep somebody in suspense for over three years.

Mine is to say, the chairman of Implementation has a duty to play in terms of seeing and making sure that immediate and medium recommendations can be implemented as soon as possible. Thank you, Mr. Speaker, Sir.

Hon. Speaker: Let us hear the mover in reply.

Hon. Nzeki: I commend the two speakers who have reasoned with recommendations of the committee and I hope we are going to liaise with the CEC, Finance and all those recommendations will be forwarded to the minister for Finance and I understand the implementation committee will do a lot because it has been said that whatever has been passed

here is not implemented. Mr. Speaker, Sir, because we have a few recommendations, I believe that they will be accepted and adopted. Thank you, Mr. Speaker.

Hon. Speaker: Then I proceed to put the question.

(Question put and agreed to)

ADJOURNMENT

Hon. Speaker: There is no other business for today and the House adjourns until tomorrow afternoon.

The House rose at 2.58 p.m.