



REPUBLIC OF KENYA

ELEVENTH PARLIAMENT – (FOURTH SESSION)

THE SENATE

COMMUNICATION FROM THE CHAIR

ON THE PROCESSING OF THE BUDGET POLICY STATEMENT, 2016

1. **Honourable Senators**, as you may be aware, section 25 of the Public Finance Management Act requires the National Treasury to prepare and submit the Budget Policy Statement to Parliament by the 15th February each year.

Consequently, by a letter Ref. No. Cof.83/02 dated 12th February, 2016 and received in the office of the Clerk on 15th February, 2016, the Principal Secretary for the National Treasury submitted the following documents for consideration and approval by Parliament-

- a) The Budget Policy Statement, 2016;
- b) The Medium Term Debt Management Strategy, 2016;
- c) The Draft Division of Revenue Bill, 2016; and
- d) The Draft County Allocation of Revenue Bill, 2016.

At Order No. 5 in today's Order Paper, I will allow the Chairperson of the Standing Committee on Finance, Commerce and Budget to formally table these documents.

2. **Honourable Senators**, the Budget Policy Statement is an important tool as it sets out the broad strategic priorities and policy goals that will guide the national government and county governments in preparing their budgets both for the following financial year and over the medium term. It contains, among other things-
 - i) an assessment of the current state of the economy and the financial outlook over the medium term, including macro-economic forecasts;
 - ii) the financial outlook with respect to Government revenues, expenditures and borrowing for the next financial year and over the medium term;

- iii) the proposed expenditure limits for the national government, including those of Parliament and the Judiciary and indicative transfers to county governments; and
 - iv) the fiscal responsibility principles and financial objectives over the medium term including limits on total annual debt.
- 3. In a nutshell it means that any proposal that Senators have regarding the Division of Revenue Bill and the County Allocation of Revenue Bill, including funds for conditional allocations to the counties, should be canvassed and forwarded to the National Treasury for possible factoring in the Budget Policy Statement, failure to which, it will be difficult to be accommodated later on.**
4. **Honourable Senators**, Section 25 (7) of the Public Finance Management Act provides as follows-
- 25 (7) Parliament shall, not later than fourteen days after the Budget Policy Statement is submitted to Parliament, table and discuss a report containing its recommendations and pass a resolution to adopt it with or without amendments.*
5. Based on the importance of the Budget Policy Statement and the above timelines, I direct that once tabled, the Budget Policy Statement be considered by all Standing Committees each concentrating on its mandate. The Standing Committees will then forward their recommendations to the Standing Committee on Finance, Commerce and Budget for consolidation and tabling of the report, not later than Thursday, 25th February, 2016. The Senate is required to debate and approve the report by Tuesday 1st March, 2016.
6. Please note that, pursuant to section 25 (8) of the Public Finance Management Act, the Cabinet Secretary of the National Treasury is expected to take into account resolutions passed by Parliament in finalizing the budget for the relevant financial year.
7. I therefore urge all Honourable Senators to prioritize the scrutiny of the Budget Policy Statement taking into consideration our most important function of safeguarding devolution.
8. I thank you.

SEN. DAVID EKWEE ETHURO, E.G.H., M.P.
SPEAKER OF THE SENATE

16TH FEBRUARY, 2016