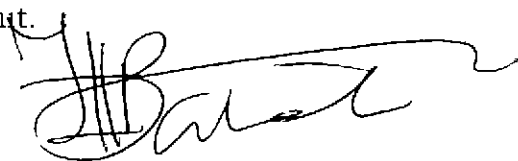


**STATEMENT ON THE COMMENCEMENT OF THE OPERATIONS OF  
NEWLY CREATED TOWN COUNCILS**

1. In the First Budget Call Circular for FY 2018/19, under para 8.1, the PS/ST guided that there were no funds in FY 2017/18 budget to cater for newly created Town Councils and sub-counties
2. The above issue was reiterated in the Cabinet Memorandum CT (2017) 180 on the National Budget Framework Paper for Financial Year 2018/19 and subsequently adopted by Parliament during approval in which it was stated, among others that there should be no creation of new agencies and administrative units, including public universities, the programmed 13 new districts, 200 Town Councils and 198 sub-counties cleared by Parliament as there was no fiscal space to accommodate their operationalization. The decision under No. 2 above was further re-affirmed under the Cabinet Memorandum CT (2018) 42 on the Budget for Financial Year 2018/19.
3. The above decision was communicated to all Local Governments in a circular dated 30<sup>th</sup> November 2017 by PS/ST informing them that there were no funds for operationalization of the newly created Town Councils and Sub-counties in FY 2017/18 and FY 2018/19. The Accounting Officers were accordingly advised to stay implementation until resources become available.
4. Due to resource constraints, only the six newly created Districts created by Parliament to be operational in FY 2018/19 and their respective Town Councils were funded, but excluded Town Councils and Sub-counties.
5. Accordingly, Local Government Accounting Officers prepared and submitted their detailed budget estimates, including the new Districts and their Lower Local Governments created by Parliament, but excluding the additional Town Councils and Sub-counties created by the Minister of Local Government who were not funded.
6. Relatedly, once a new Town Council or sub-county is created, there are additional operational costs like **UShs. 538m** and **UShs 221m** for each Town Council and Sub-county respectively. Besides the above, there are other associated costs for Public Administration as there should be a Police Post, Health Centre, Secondary Schools, among others which need additional funds.

I submit.



**MINISTER OF STATE FOR FINANCE, PLANNING AND ECONOMIC  
DEVELOPMENT (PLANNING)**  
**8<sup>TH</sup> AUGUST, 2018**