

## MURANG'A COUNTY ASSEMBLY

### THE HANSARD

Wednesday, 8<sup>th</sup> April, 2015

The House met at 2:36 p.m.

(The Speaker *Hon. Nduati Kariuki* in the Chair)

### PRAYERS

### STATEMENTS

TRAINING AND LICENSING OF BODA BODA OPERATORS IN KANDARA SUB-COUNTY

**The Speaker:** Hon. Bernard Wanyoike. He is not in? Next order.

### MOTIONS

ADOPTION OF FINANCE AND ECONOMIC PLANNING COMMITTEE REPORT ON THE FACILITATION OF CAR LOANS AND MORTGAGES SCHEME FOR MEMBERS OF THE COUNTY ASSEMBLY AND OTHER PUBLIC OFFICERS

**Hon. Joseph Gitau:** Mr. Speaker sir, I beg to lay ...

*(The Speaker interjected)*

*(Hon. Joseph Kimani was reading a different paper)*

**The Speaker:** To move a motion.

**Hon. Joseph Kimani:** Sorry, Mr. Speaker. I had a different paper. Mr. Speaker sir, I beg to move the following motion;-

That, this Assembly adopts the Finance and Economic Planning committee report on the facilitation of car loans and mortgages scheme for members of the County Assembly and other public officers laid down on the table of the Assembly on 7<sup>th</sup> April, 2015.

Mr. Speaker sir, we have the report that we laid on the table on 7<sup>th</sup>. We have gone through the two schemes, the car loan and the mortgages. We have the findings. If you refer to this report, although I am not going to read it verbally, under finding number one, we have said that the committee considered the agreement between the County Government and commercial bank and from its point of view, its agreement was tantamount to a loan agreement.

In this regard, the committee in a letter dated 19<sup>th</sup> February sought from the CEC finance and planning on the compliance of the said agreement with the provision of Article 1 (2) of the Constitution and section (2), (3) and (4) of the National Government Loans guarantee Act no. 18 of 2011 and section 58 (140) and (142) of the Public Finance Management Act of 2012.

However, Mr. Speaker, in response to that in a meeting that we held on Friday 16<sup>th</sup> of March to Sunday at Sportsview, the County Treasury sought to clarify that the aforementioned agreement did not contemplate the loan agreement and as a matter of fact it could not be treated as such.

The County Treasury cited the circular of SRC vol. 1 of 2013 and vol. 2 (128) dated 17<sup>th</sup> December. The commission approved car loan and mortgage scheme benefit for the state officers and other public officers that provided for an agreement with financial institutions.

Mr. Speaker, when we received the car and loan mortgage scheme, we went through it and our view as you have heard was that possibly the County Government wanted to get a

loan from KCB, but as you have heard the response, they said that the amount that they were borrowing was not actually a loan but was an agreement which we have attached to this report.

They were to get the loan from the KCB as any other customer for the staff. The only bone of contention which was there was the percentage difference between what has been approved by SRC and the commercial rate which the KCB was charging.

Mr. Speaker, we are all aware that the executive and the other officers have been given an okay on the car loan and mortgages. We may not be able, as he said, to have one or two hundred millions to put to the bank so that it can be a cash bank. As the SRC has said, the County Government could enter into an agreement with a financial institution and the financial institution can lend the car loan and mortgages to the staff.

Mr. Speaker, you find that under the nature and fabric agreement of the KCB, on page six, we also tried to see what would happen if a member of staff possibly leaves the employment in the County. In the agreement, under 4224, it is stated that additionally the committee found that upon separation of the borrower with County Government, the former shall within 30 days request KCB through a written proposal for the loan to continue being serviced under the KCB commercial terms. The said proposal shall be determined by the bank.

Mr. Speaker, the agreement states that once a person has left the County Government employment, the loan balance which will have been left by that time, the bank will be charging at a normal rate as it has been after the person enters into agreement with it. The person would bear the cost of the interest over and above what was being paid by the County Government.

Mr. Speaker, we also tried to see that in case of repayment, the money will be paid through a check-off system that is 423 and the money will be remitted to the bank on or before tenth of every month. We also had our recommendations on the same. I request that I go through them as they are also very important.

The committee made the following recommendations. In 5(1), the CEC member of Finance, IT and Planning should submit to the County Assembly;

- a) The PMF Act that is, the Murang'a County Government car and loan scheme fund regulation. They should be submitted to this Assembly for approval. As per the PMF Act, they also need to submit the Murang'a County Government mortgages scheme fund regulations which is pursuant to the provision of section 116 of the PFM Act.
- b) Before the agreement is signed, all categories of beneficiaries of the scheme under the clients' obligations should be included and the refined agreement be submitted to the Finance and Economic committee to ascertain that the fore mentioned beneficiaries are included. Mr. Speaker in the proposed agreement that has been given to us, they have the clients' obligations and we felt that all the staff should be included in that category and that is why we are saying that before the agreement is signed it should be sent to the Finance and Economic Planning committee to ascertain that all beneficiaries are included in that agreement.
- c) In case there is late remittance of loan repayment, in that respect the County Government should bear any resultant penalty. No borrower should bear the burden. We have experienced some problems which we know may end. We are trying to protect the staff so that the borrower of the loan is not penalised for the 11% which is

being borne by the County Government. In case of anything, the County Government should bear that cost.

- d) The CEC in charge of public service should provide details of all the employees and other state officers working under the Murang'a County Government to ascertain the expected number of beneficiaries of the facility to ensure that it cuts across all levels of employees and a view to reviewing the carped sum of one billion per annum to adequately benefit all.

Mr. Speaker, we are aware that the money which is going to be borrowed by the County Government in each financial year will bear cost of one billion per annum which will be repaid by about 110 million per month. This is why we are saying that the Public Service should give us a list so that we also know the people who are supposed to benefit from the scheme and they actually benefit.

In conclusion, the committee is grateful to the Office of the Speaker, the Office of the Clerk, the County Assembly and the Committee Secretariat for the support received as it discharged its mandate of examining the committee's report on the facilitation of the car loan and mortgages scheme for the Members of the County Assembly and other public officers in the Murang'a County.

Therefore, Mr. Speaker, on behalf of the Finance and Economic Planning committee, it is my pleasant duty and privilege to recommend this report to the House for adoption. After having said that, I will now call upon my able vice who is none other than the Hon. Member for Muthithi- Hon. Dishon Wandia- to second. Thank you.

**Hon. Samuel Wandia:** Thank you Mr. Speaker. I represent Muthithi. I stand here to second this Motion. It is very important for other County employees to be benefit by having this facility. Thank you very much.

**The Speaker:** Thank you.

*(Question proposed)*

**Hon. Gachui Mungai:** Thank you, Mr. Speaker. I am the Member for Kihumbu-ini. As I rise to support, I also take this opportunity to thank the chair for the job well done although there is one or two issues I would like the chair to be specific on. One is the recommendation number 5.3; that in the case of late remittance of loan payment, the County Government should bear any resultant penalties in that respect and no borrower should bear the burden.

Mr. Speaker, the chair should be specific because the County Government, as an institution, cannot manage to bear that kind of responsibility. According to my thinking, it would have been prudent to be specific whether it is the CEC Finance, the CEC Public Service, or who it is. We have to be specific because that burden cannot be left hanging somewhere.

There is another issue that I did not hear the Hon. chair for Finance touch on. Since there is a maximum of one billion per annum, and, given the kind of human resource we have in the County Government, we do not know whether they have set criteria of who will start benefiting from the little money they will be getting given that the cash flow in the County Government Treasury is on quarterly or monthly basis.

It is very hard for the County Government to be able to advance the loan to all the employees at the same time. Maybe the chair could have told us whether they have criteria. After they get the money from the Kenya Commercial Bank, who will start borrowing the

money because in this case we might get a scenario where the senior officers will start benefiting from the loan at the expense of the junior officers who do have a voice. Mr. Speaker, with those two remarks, I support the report.

**The Speaker:** Since there is no demand for other contributions, I will ask the mover to respond.

**Hon. Joseph Kimani:** Thank you Mr. Speaker once again and thank you to the Hon. Members who have also contributed and to the rest of the members because I think they have also found it wise for these people to benefit from this program.

Under 5.3, we must appreciate that, the agreement is made between the County Government and the bank. In this case and as we have said in this report, it is the County Government which is guaranteeing the bank that their interest of the 14% will be repaid.

In that respect, the County Government is the one to bear the responsibility. When it comes to that, I think we need to see the particular person concerned, although it is also a bit tricky because, sometimes, you will find that the money has not been released by the Treasury as is the case right now. We were trying to look at such kind of a scenario whereby in one way or another may not be possible, to, specifically, charge somebody. That is why we had said that, generally, the County Government will bear such burden.

On number two, we had asked them the same question on who would be the first to benefit from whatever will be available in the program. They said that they will come up with a program because, as the Hon. Member is saying, they cannot manage to give everybody with this one billion we are committing which is, actually, put under their personnel costs. So, they will come up with a program as they assured us for the first batch to benefit.

That is why we were saying that under the client's obligation, which was not very specific, they come with all the people who should benefit from the scheme so that we also know the people to benefit because we also understand that some people are under contract while others are permanent. That is why we wanted them to be specific so that they also give us the list of those people to benefit. We also enjoined the Public Service on board so that whatever list we shall get, will also be embraced by the Public Service. With those few remarks, Mr. Speaker, I thank the House for supporting our report. May God bless you all and have a nice evening.

*(Laughter)*

Thank you Mr. Speaker.

*(Question put and agreed to)*

*(Applause)*

#### ADOPTION OF PUBLIC WORKS, ROADS AND TRANSPORT COMMITTEE REPORT ON THE DEPARTMENTAL ANNUAL REPORT FOR FY 2013/2014

**Hon. Eliud Gitau:** Thank you, Mr. Speaker. I am the Chairman Public Works, Roads, and Transport committee. Mr. Speaker, with your leave, I would like to request to withdraw temporarily this motion so that the committee can put more weight on the recommendations. Thank you.

**The Speaker:** Request granted.

*(Motion withdrawn)*

Next.

---

### ADJOURNMENT

**The Speaker:** Hon. Members, the House is adjourned until 2:30 p.m. tomorrow. I would also like to take this opportunity, once again, to call upon the various committees that have various matters pending to fast-track whatever they are doing because this House is running out of business. We are expecting more business from those committees. Thank you very much.

*The House rose at 3:00 p.m.*