

# MURANG'A COUNTY ASSEMBLY

## THE HANSARD

Thursday, 14<sup>th</sup> July 2016

The House met at 9:40 a.m.

*(Temporary Speaker Hon. Beth Ngugi in the Chair)*

### PRAYERS

### MOTION

#### ADOPTION OF REPORT OF THE FINANCE AND ECONOMIC PLANNING COMMITTEE ON THE MURANG'A COUNTY DEBT MANAGEMENT STRATEGY PAPER 2016

**Hon. Joseph Kimani:** Thank you Madam Speaker.....

*(Hon. Duncan Njuguna rose on a point of order)*

**Hon. Duncan Njuguna:** Madam Speaker is it in order for Hon. Member for Kangari to come to chambers without being properly dressed.

**Temporary Speaker (Hon. Beth Ngugi):** Member for Kangari Hon. Muchemi. you are out of order kindly go out and be appropriately dressed.

*(Hon. Anderson Muchemi left the chambers)*

**Hon. Joseph Kimani:** I beg to move the following motion;-

That this Assembly adopts the report of the select committee on Finance and Economic Planning on the Murang'a County Debt Management Strategy Paper 2016, laid on the table of the Assembly today Tuesday July 12, 2016.

We have the report which the committee has prepared and according to our mandate we have been able to scrutinize the County Debt Management Strategy Paper.

We noted that the County Executive Committee (CEC) member for finance had complied with Public Finance Management (PFM) Act 2012 because the debt management paper was brought to the Assembly by 28<sup>th</sup> February 2016, which is in line with the provisions of section 123 (1) of PFM Act.

The finance and economic planning committee is required to consult widely and table the report containing its recommendations on the paper to the County Assembly as we have done today.

We also tried to see the need and we had said that the debt management paper must be brought before the House because any borrowing has to be approved by the Assembly and has to follow the legal framework, whereby if it is an external borrowing or long term borrowing has to be guaranteed by national government and also has to be approved by the county assembly.

Madam Speaker, section 142 of the PFM Act provides that the County Assembly may authorize short term borrowing for cash management purposes, and we also found that under section 141 (1) the county government cannot borrow money exceeding 5% of the latest audited revenue of the county.

We have also tried to look into our status of our debts and number 18 of this report notes that the committee observed that the total amount of debts that the county owes third parties was Kshs. 900 million as at February 2016. This amount consisted of Kshs. 800 million for suppliers and Kshs. 100 million as staff debts.

However, the committee sought for further clarification from the County Executive Committee (CEC) Member to exactly know our debts as at 30<sup>th</sup> June 2016. We were given a report which showed the pending bills as amounting to Kshs. 948,400,841.

Madam Speaker, the committee also had some recommendations to this paper and maybe I can go through them because they are not many and they are very important as we need to look into the borrowing by our county. The following are the recommendations:-

1. The County Treasury should submit to the County Assembly both quarterly and annual reports of all loans made to the County Government, as per the provision of Section 122 (5) of the PFM Act, 2012.
2. The projects and programs implementation should take into consideration the cash flow challenges and the previous period cash flow statements for various Departments used in that regard to avoid debts since by the end of every financial year, not all revenue is realised or collected. This understanding could help in rolling out plans that can be funded within the fiscal year in question.
3. Only debts that are envisaged---

**Hon. Duncan Njuguna:** On a point of order Madam Speaker---

**Temporary Speaker (Hon. Beth Ngugi):** Yes Hon. Duncan, what is your Point of Order?

**Hon. Duncan Njuguna:** Madam Speaker is Hon. Kago observing decorum? He is in jeans. That is not the dressing code of this House.

**Temporary Speaker (Hon. Beth Ngugi):** Hon. Kago you know the rules; kindly observe them. This House rules that you go out and be properly dressed.

**Hon. Kago Njoroge:** Thank you Madam Speaker, it is only that the weather at our home is very---

**The Temporary Speaker (Hon. Beth Ngugi):** Order! Hon. Kago, kindly go out and be properly dressed.

*(Hon. Kago left the chambers)*

**Hon. Joseph Kimani:** Thank you Madam Speaker, there seems to be a lot of disruptions while moving this report but it is okay seems it is within our standing orders.

I was in recommendation number three that only the debts envisaged under the Debt Management Paper should be considered and no other debts outside the one indicated therein should be approved by the County Assembly in the course of a particular financial year to ensure sustainability of debts.

1. Notwithstanding the provisions of Section 117 (1) of the PFM Act, the committee recommends that the County Treasury should in future submit the Debt Management Strategy Paper to this Assembly earlier than the statutory deadline.
2. The document must, in future, contain detailed analysis of the risks involved with loans as stipulated in the Debt Management Strategy Paper and in the total stock of debts as at the date of the statement.
3. The County Treasury should establish a Debt Management office to handle and advice on debt management in the County. We saw this to be very important because that office would actually advice the Treasury on how our debts are behaving.

Madam Speaker, we also said that it should be done earliest possible by the end of last year it was yet but we are urging the executive to establish it.

I call Hon Jane Ndegwa to second the motion.

**Hon. Jane Ndegwa:** I stand to second the motion

*(Question Proposed)*

**Hon. Duncan Njuguna:** I rise to oppose this report, the recommendations by this committee, include that the county treasurer should submit to this House quarterly and annual reports as provided by the Public Finance Management Act. If it is there in the Public Management Act, there is no need for this House to recommend this to the county Treasury, it is mandatory for the county treasury to submit the same.

On six, if the County Government is yet to establish a county debt management office, it is not the work of this committee to recommend that the same should be established. Madam Speaker, if you go into details regarding this report, we do not have the sources of this report, on 18, regarding the current debt status and the repayment plan, where did they get this figure of 948,005,841. We do not have this in our files.

They are talking of suppliers credit and utilities, who are these? What are we paying? Are they briefcase contractors?

The Kshs. 948,004,841 since it is 2015/2016 financial year, was it included in this year's budget, according to time this report is not comprehensive, we need to know more, we cannot be hoodwinked to pass a report which there are figures that we do not have sources. I oppose

**Hon. Eliud Gitau:** I rise to oppose this report, for one, what we are seeing here seems to be news to some of us who are members of the budget committee.

Madam Speaker, I think if we pass this motion now or agree with it, we will be taken for granted. Reason why, as a member of committee of budget and as a chair of transport wrote requesting the debt to be sent to the committee, so that it can be included in our budget making. Madam Speaker, the results were all that we owe the creditors is captured in the finances which have not been submitted from the treasury.

When we receive another figure of about 948 million closer to a billion means that we are not to do any other project within our respective wards. But as you know already we have agreed with our people on the ground that we are going to give them bursaries, we are going to do some roads. What are we going to do if we agree now here we have a debt of about one billion shillings.

With the recommendation of the committee, you can even see that they are saying in (iv) notwithstanding the provision section 117 (1) of the PFM Act the government recommends that the county treasury should in future, which future? And this is the last year in this session. Madam Speaker it is not captured in the debt management resolution whatever, to this Assembly earlier than the statutory deadline.

I just wonder, if we agree with this report we are killing our people, we are killing ourselves. All what we have planned will not be done because we do not know where we are going to get this money. It seems within the committee itself, go back to the report, the committee is comprised of about nine members only four, even they were not enough, they did not qualify for a quorum to sign this report.

I think with those few remarks I will echo the statement of Hon. Duncan. Let us be supplied with all the information, how much we owe the creditors, who are they, how did we incur this, so that we can be able to know what to do. Thank you madam speaker, I stand to oppose.

**Hon. Mary Njoroge:** I rise to oppose the report. Madam Speaker, when we talk of the debt management paper which has been provided by the committee of finance and the information that it contains. I get worried when I get that there are issues of intention to borrow some money to cater for the long term development plans.

I also learn that the debt management office has never been formed. I remember I was one of those hon. members who rose early enough to request for the formation of this debt

management office. Madam Speaker you can see we are almost in our last term to conclude this Assembly and we have new members in it.

All what we can go for is the intention to borrow some money. When I look at the budget we had passed we had not seen some things we are seeing in this. Meaning in our budget we did not cater on some of the debt we are seeing here. I get worried and really wonder if in the budget process it is well spelt what it should contain. And how it should move, there is no way you can really work on your budget without looking on to the debts that you owe other people. And that is what happened in our budget. We did not look at this and right now this is when it is being produced and therefore that is why they request us to adopt this report with an intention that they will borrow this money.

I do not agree with that, for us and the way we have dealt with our budget and we were never informed about some of this I wonder where we are going. It has become a habit that in this county government we usually start from the top and not from the bottom so that we move along and the things take shape.

If we agree to pass this motion I think we shall be hanging ourselves with a rope. With information contained, the Honourable Members can be able to read and get informed like me, I object the adoption of this report. I thank you.

**Hon. Anderson Muchemi:** Thank you Madam Speaker, I stand to support this report.

For this county to move on we must pay our creditors and debtors. There is no government in this world that has no debts. I am happy that the finance committee has brought to this Assembly what the creditors owe us. I am supporting that we pass this motion. I was just talking to Kamahuha MCA and I told him whether we pass it or not the county has to move on.

Madam Speaker I am in support of this motion, thank you.

**Hon. Joseph Machiri:** Thank you very much Madam Speaker, the only issue that has made me to stand in this House is to oppose this motion.

Historically if we can remember, the Senate demanded to be given a comprehensive report of the debtors, so far we have achieved nothing. If we agree with this report, and I agree with my counterparts, it is as if we will be committing suicide because if we have a debt of 948 million and we have done nothing on the ground and Wanjiku is crying for the roads, I think there is no other option but that Wanjiku is waiting for us. Bear in mind we are in this House today and it is better to leave a legacy in this county.

It is not a matter of saying yes or no; becoming a yes man in this Assembly. We should know that we were not brought here; this is not a wedding plan or a pulpit where we have to say Yes! Always Yes! We have to think outside the box and know what we are doing to our people.

We are not denying as Hon. Muchemi is saying that the county will continue. We are paid to scrutinize and to see whether the figures are right or wrong. We know for sure that we have debts but let us be given a detailed report of the debts showing where they originated from because we cannot just pay debts without verifying where they came from. With due respect we have to pay the debts but first we need to know the debts we are paying.

**Hon. John Gitau:** Thank you Madam Speaker. Before I state my stand I wish to notify the members that I am a member of the Budget committee. The committee asked for the document showing all the debts, but the same was not forthcoming. I wonder why this document was not produced. This is not a mean figure, it is a big figure totalling to almost a billion and should not be omitted in the budget because I do not think it is even professional that just one week after the budget was passed that this report is produced.

There is a sinister motive, if you look at the people who have signed; it is also good for members to know that I am member of the Finance committee and some of us were not given the report to sign because we would have gone through it and criticized it.

We need to ask ourselves as a House what implications does this report have, each of us should have a self-searching beyond this House. I request the chair because we need more consultations.

Yesterday we invited the finance committee in the budget and appropriation committee and what we got is worrying. We were told that this is what will be the priority. Madam Speaker we do not have a full list of the debtors. Let us consult more and I would like to request the mover or the chair to withdraw this report so that we can do more consultation as a House, Madam Speaker I do not support this report. I am opposed to it totally.

Thank you Madam Speaker

*(Hon. Duncan Njuguna on a point of order)*

**Hon. Duncan Njuguna:** Madam Speaker I have just noticed, is it in for the chair of the Finance committee to include my name in this report whereas I am not a member and Hon. Machiri claimed that he is a member of this committee and his name is not in this list? This report is misleading this house and should be withdrawn and thrown away. Thank you

**Hon. Peter Mweri:** I also stand .....

*(Hon. Joseph Machiri rose on a point of order)*

**Hon. Joseph Machiri:** Madam Speaker is it in order for us to continue debating a report where my name was omitted by that committee whereas I am a member.

**Temporary Speaker (Hon. Beth Ngugi):** Hon. Machiri we are consulting on that, thank you.

**Hon. Peter Mweri:** I also request the chairman of the finance committee to withdraw this report so that he can engage further with the committee. But what I would like to point out is that the committee did a good job to try to bring to the limelight the debts owed by this county thus it will be wise to consult further as they will they will be able to give a breakdown of debts so that the members can get well versant with the debt. The report is important thus they should consult further and bring a well detailed report to the house and enable the house move to the future.

**Temporary Speaker (Hon. Beth Ngugi):** Order! Hon. Members. Hon. Mweri resume your sit please.

Hon. Members I suggest that we behave with a lot of decorum and let us not make noise. Reading the mood of the House I will ask the mover of the motion to consider withdrawing this motion, Hon. Joseph Kimani.

**Hon. Joseph Kimani:** Thank you Madam Speaker for your wisdom and as I have heard from various hon. members, the bone of contention is about the debts and I am also aware that the report for pending bills was requested for by the time of budget and it was not brought, it was brought later.

Madam Speaker I would request to withdraw this report and request the members to check the report on the pending bills that was laid on this House on 12<sup>th</sup> July 2016 because the figures we have brought here have a schedule of the suppliers and what they have brought and the amount.

Madam Speaker I request to withdraw.

**Temporary Speaker (Hon. Beth Nguni):** Order! Hon. Members let us have order please. With the leave of the speaker your request for withdrawal of the motion has been granted.

Having no other business this Assembly is adjourned to Tuesday at 9.30 a.m.

*The House rose at 10:15 a.m.*