COUNTY GOVERNMENT OF KISUMU

COUNTY ASSEMBLY OF KISUMU

THE HANSARD

SECOND ASSEMBLY – SIXTH SESSION

Thursday, 03rd March, 2022

House met in the Main Chamber at 2:30 p.m.

(The Temporary Speaker (Hon. Seth Okumu) in the Chair)

PRAYERS

The Temporary Speaker (Hon. Okumu): Mr. Clerk take us through the Order Paper of the day.

The Temporary Speaker (Hon. Okumu): Next order Mr. Clerk!!

COMMUNICATION FROM THE CHAIR

The Temporary Speaker (Hon. Okumu): Thank you Honourable Members, welcome to this afternoon session. I want to pass this information from the County Assemblies Forum. We have received a letter communicated to the County Assembly Speaker. That is, reference is made to the letter referenced CAF/4/7/2022/005 dated 02nd February, 2022 inviting you to the Mini Conference on Transition Management and Annual General Meeting scheduled on 6th to 11th March, 2022 in Nakuru City. We wish to inform you that due to unavoidable circumstances and lack of finance the said event has been rescheduled to Wednesday, 04th May, 2022.

Honourable Members, that is why we are having a Supplementary Order Paper to factor in those changes because we are aware that we were to adjourn today so that Members could attend the AGM. Thank you.

The Temporary Speaker (Hon. Okumu): Next order!

PAPER LAID

THE NOMINATION OF MISS. FARIDAH AHMED SALIM FOR THE VETTING FOR THE POSITION OF THE COUNTY EXECUTIVE COMMITTEE MEMBER FOR ROADS, TRANSPORT AND PUBLIC WORKS.

BY

HON. KENNETH ONYANGO, MCA, MIWANI WARD.

(LEADER OF MAJORITY)

The Temporary Speaker (Hon. Okumu): What is Hon. Rashid Miruka?

Hon. Miruka: Thank you Mr. Speaker, allow me to lay this Paper on behalf of Hon. Leader of Majority.

The Temporary Speaker (Hon. Okumu): Please Proceed.

Acting Leader of Majority (Hon. Miruka): Thank you Mr. Speaker. Pursuant to the provisions of the County Assembly Standing Order No. 187 (4), I wish to lay today Thursday, 03rd March, 2022, the nomination of Miss. Farida Ahmed Salim for vetting for the position of the County Executive Committee Member for Roads, Transport and Public Works. Thank you.

(Hon. Miruka on behalf of the Leader of Majority lays the paper for consideration)

The Temporary Speaker (Hon. Okumu): Honourable Members, I confirm the receipt of the nomination of Miss. Farida Ahmed Salim for vetting for the position of the County Executive Committee Member for Roads, Transport and Public Works. I want to commit this Paper to the Appointment Committee and they should report back after 14 days.

The Temporary Speaker (Hon. Okumu): Mr. Clerk, next order!

MOTION

STANDING COMMITTEE OF WELFARE AND EQUAL OPPORTUNITY REPORT ON ITS CONSULTATIVE MEETING WITH LAPFUND IN NAIROBI.

BY

HON. PAMELA ODHIAMBO, MCA, MANYATTA "B"

(CHAIRPERSON, WELFARE AND EQUAL OPPORTUNITY COMMITTEE)

The Temporary Speaker (Hon. Okumu): Hon. Pamela Odhiambo.

Hon. Pamela Odhiambo: Thank you Mr. Speaker.

Mr. Speaker Sir and Honourable Members. The Standing Committee on Welfare and Equal Opportunity is one of Select Committees of the County Assembly of Kisumu; the Committee is mandated to look into the Welfare of the Members of the County Assembly and the staff of the Assembly. The committee may also study matters referred to it by the County Assembly or on its own initiative, undertake studies within its areas of responsibilities.

Mr. Speaker Sir, on behalf of the Select Committee on Welfare and Equal Opportunities, pursuant to the provisions of the County Assembly Standing Orders no. 163 (c) and 182; it is my pleasant pleasure and privilege to present to this House the Report on Meeting of the Committee on Welfare and Equal Opportunities and the LAPFUND in Nairobi. The main objective of the meeting was to discuss the status of gratuity and voluntary contributions done by members and Staff of Kisumu County Assembly and get into consensus the best time when members are able to access the money saved with the LAPFUND.

Mr. Speaker Sir, the Select Committee on Welfare and Equal Opportunities resolved to have a meeting with LAPFUND at the Head Offices in Nairobi. This was agreed in a meeting by Members of the Committee owing to the fact that the second Assembly is about to end and Members are in dire need to get their money saved with Lapfund and this was to enable elaborate discussion over the same.

THE OBJECTIVES OF THE MEETING

Mr. Speaker Sir. The objectives of the committee meeting during the visits were:

a) To learn and appreciate how LAPFUND calculates interest on members contribution.
b) To understand all the requirements listed by the LAPFUND during the payments to the Members.
c) To understand how direct debit by the members are included in the financial statements prepared by Lapfund.
d) To get comprehensive report of members contribution and the history of the contribution over the same.

MEMBERSHIP OF THE COMMITTEE

The committee on Welfare and Equal Opportunities as currently constituted comprised of the following Members:-

1. Hon. Pamela Odhiambo - Chairperson
2. Hon. Sally Okudo - Vice Chairperson
3. Hon. Olga Aoko - Member
4. Hon. Judith Ogaga - Member
5. Hon. Julius Genga - Member
6. Hon. Joachim Oketch - Member

7. Hon. Victor Rodgers - Member
8. Hon. Prisca Auma - Member
9. Hon. George Ogutu - Member
10. Hon. Maurice Ngeta - Member
11. Hon. George Abaja - Member
12. Hon. Caren Oguok - Member
13. Hon. Philemon Ojuok - Member
14. Hon. Ken Ooko - Member
15. Hon. Caleb Omoro - Member

Secretariat:

1. Benard Abuodha – Committee Clerk
2. Mr. David Ayieko – Public Relations officer
3. Vallery Atieno – Hansard
4. Mr. William Ogada – Serjeant-At-Arms

ACKNOWLEDGEMENT

Mr. Speaker Sir, special appreciation goes to Hon. Speaker Kisumu County Assembly, his officers and Members of the County Assembly Committee on Welfare and Equal Opportunities, and staff who participated during the meeting in Nairobi. The Committee wishes to extend its gratitude to LAPFUND Officers both at the Western Region Offices in Kisumu and Nairobi Headquarters for the Good Corporation and warm reception they accorded to the Committee during the meeting.

Mr. Speaker Sir, on behalf of the Select Committee, pursuant to the provisions of the County Assembly Standing Orders no. 163 (c) and 182; it is my pleasant pleasure and privilege to present to this House the Report of the Committee Meeting with LAPFUND in Nairobi.

DELIBERATIONS

Mr. Speaker Sir, the committee was warmly welcomed by the Administration officer, Madam Stella Guiri and a team from Finance department. The Committee then proceeded for an interactive joint session with Lapfund at the Boardroom.

During the Meeting, the Committee had a lot of interactions and experience sharing with the officers from Lapfund.

OVERVIEW OF LAPFUND

Mr. Speaker Sir, Local Authority Provident Fund (Lapfund) is a Defined Contribution Scheme registered and regulated by the Retirement Benefit act of 1997 and subsequent Regulations. It is a state Corporation which was established in 1960, by an act of Parliament Cap.272, Laws of

Kenya. They operate in accordance with the County Government Act 2012 (section 132), having been established in 1960.

LAPFUND caters for all employees of County governments and water Companies, where Members contribute 12% while the Sponsors contribute 15% of the Members' gross salary (basic salary plus house allowance).

The current membership of LAPFUND is over 52,000 members spread over all membership classes in the forty seven (47) counties.

LAPFUND operates as a parastatal under the National Treasury licensed and regulated by the Retirement Benefit Authority (RBA); Audited by Auditor General; and supervised by the Inspectorate of State Corporations.

The Products Lapfund Offer

1. Statutory Contribution (Gratuity)

This structure applies to all employees of County Governments, Water Companies and associated companies, where Members contribute 12% while the Sponsors contribute 15% of the Member's gross salary (basic salary plus house allowance).

2. Additional Voluntary Contribution

This is designed to enable contributors enhance their retirement packages by making additional contributions.

It is open to both statutory contributors and Non-statutory contributors.

3. Diaspora savings Product

The Diaspora retirement and saving plan/ product is a voluntary savings and retirement scheme option, especially designed for discerning Kenyans in the Diaspora. It is an individual pension plan agreement between the willing member and LAPFUND.

OPEN SESSION WITH THE LAPFUND TEAM

The deliberation was opened by Madam Stella Guiri, who led the team from LAPFUND. She welcomed the Committee in the meeting then introduced her team to the committee.

Stella informed the Committee that the financial statements that LAPFUND forwarded to members, clearly outlined the personal contributions and gratuity contributed by the members since August 2017. She added that the total interests that had accrued since 2017 were also captured.

She added that during payment of the savings to the members by LAPFUND, only gratuity and interest accrued will be subjected to taxation at a rate of 30% and is specified under tax allowable column in the financial statements. Gratuity are taxed because the funds are released from the sources (County Assembly) as gross, not yet taxed, hence must be subjected to taxation when payments are made. Stella said that, people who are tax exempted (PWDs) will be subjected to the exemption up to the tune of Kshs. 150, 000 as stipulated in the law.

It was also noted that the money saved by the members earn interest at a rate of 5%. The interest is calculated from the time LAPFUND receives money from the source (County Assembly). She added that any month that the contributor remits funds late; no interest is earned on such contributions.

On direct debit, she said that some members, apart from doing their contributions through County Assembly, resorted to do direct debit to LAPFUND. The contributions done by the members are well captured and will be made available when a report that shows the history of the contributions from the Members of County Assembly of Kisumu, since 2017, will be produced. This will enable members to follow up on their savings with LAPFUND and help rectify errors made if there is any.

Ward Staff

LAPFUND informed the committee that Ward staffs were also registered with the LAPFUND. The ward staffs are considered to be partisan staff. Ward staff will be required to provide letter from the Employer (County Assembly) and a letter from the Member of County Assembly from their respective Wards. The two letters will be attached to the application form. Other mandatory documents are, Copy of Identification Cards, Copy of Kenya Revenue Authority PIN Certificate and a copy of ATM card.

The Committee raised a concern that County Assembly Forums (CAF) did propose that members' contribution to be converted into pension that would be paid to Members later in lamp sum. Stella informed the Members that LAPFUND was yet to receive such communication from the CAF, she promised to make communication to members when such communication would reach the LAPFUND.

Committee also wanted to know the time Members would receive their funds as some members would wish to access their contributions as early as March, 2022. Stellah explained that, members are at liberty to access their personal contribution anytime as long as they get clearance from the office of the clerk. She added that gratuity will be paid at the end of the second Assembly after communication shall have been made by the County Assembly Forums (CAF)

FINDINGS/OBSERVATIONS

Mr. Speaker and Honourable Members, during deliberations, members observed the following;

a) Direct debit made by members are well captured in the system of the LAPFUND.
b) Gratuity will be taxed when payments are being made while voluntary Contributions are not taxed.
c) People with disability are tax exempted and hence will be subjected to tax exemption to the tune of Kshs. 150,000 when payments of Gratuity will be made.
d) When a staff exists the services, he or she is entitled to the payments of both gratuity and voluntary Contribution.
e) Members are at liberty to access voluntary contribution any time while gratuity can only be paid at the end of the Assembly.

COMMITTEE RECCOMENDATIONS

a) That LAPFUND to ensure that payments for member's voluntary contributions are done in time as per the member's request.
b) That people who are tax exempted (PWD) to present the documents which support the same to LAPFUND when payments of gratuity are being made to ensure that they enjoy the benefit.
c) That LAPFUND should also clearly indicate the members' direct debits in the financial statements. This would make members understand and follow up on their contributions.
d) That a proper guideline should be provided on the fate of partisan staffs who have been relieved of duty or died before the end of their contract on how they could get their gratuity.
e) That the Members to check their statements properly to ensure that any discrepancy identified is corrected on time.

CONCLUSION

In conclusion, Mr. Speaker, Pursuant to the provisions of County Assembly of Kisumu Standing Order No. 152 (2), the committee requests this Honourable House to adopt this report with or without amendments to enable the Committee carry its mandates in uplifting the Welfare of Members as far as individual Contributions and Gratuity are concerned. I therefore call upon Hon. Judith Ogaga to second?

The Temporary Speaker (Hon. Okumu): Yes Hon. Ogaga.

Hon. Ogaga: Thank you Mr. Speaker. I arise to second the report as moved by the Chair for Welfare and Equal Opportunity.

The Temporary Speaker (Hon. Okumu): Hon. Members, we are discussing a report from the Standing Committee of Welfare and Equal Opportunities Consultative Meeting with the LAPFUND in Nairobi.

The Temporary Speaker (Hon. Okumu): Yes, the Hon. Chief Whip.

Chief Whip (Hon Misachi): Thank you Mr. Speaker I am a member of this Standing Committee and I can confirm that the report is self-explanatory as it contains contents that we discussed in Nairobi and I believe that some of the members of this Assembly can bear me witness. So, I would urge the House to adopt this report so that the contents of this report can be implemented.. Thank you Mr. Speaker.

The Temporary Speaker (Hon. Okumu): Yes Hon. Jennifer Obonyo.

Hon. Obonyo: Thank you Mr. Speaker, may I call the motion mover to reply.

The Temporary Speaker (Hon. Okumu): Yes, The Hon. Pamela Odhiambo.

Hon. Pamela Odhiambo: Thank you Mr. Speaker, I want to thank the members because I believe that they believe in what my committee has done. Everything that was captured here including the recommendations made by this House Committee was done even before the report reached here at the Assembly. Mr. Speaker, I therefore beg to reply.

The Temporary Speaker (Hon. Okumu): Hon. Members, Report of Welfare and Equal Opportunities Committee Consultative Meeting with LAPFUND has been moved as a Motion by the Hon. Chairperson Hon. Pamela Odhiambo and seconded by the Hon. Ogaga who is a member of this Standing Committee, debated by the Honorable Members and I want to propose put a question for adoption.

(Question put and agreed to)

The Temporary Speaker (Hon. Okumu): The report from the Standing Committee of Welfare and Equal opportunity on their Consultative Meeting with LAPFUND in Nairobi has been adopted today Thursday 03rd March, 2022 at 1501hrs.

Similarly, I want to direct that this report be taken to the committee dealing with LAPFUND so that they act on the recommendation from the Standing Committee of Welfare and Equal Opportunity, thank you.

Hon. Okiri : *(On a Point of Order)* Mr. Speaker by the time you are making the ruling, I and some Hon. Members stood and we were shut down by the Serjeant-at-Arm. Mr. Speaker, because you had already said that the "Ayes" have it and we wanted to challenge that Mr. Speaker. Give a ruling whether it was in order for the Serjeant-at-Arm to try and gag us from making contributions to this report while Members did not raise any objection. Thank you.

The Temporary Speaker (Hon. Okumu): Hon. Okiri you are out of order. One, you've started contributing without being given an opportunity and I was wondering on which grounds you were contributing in the House, I believe that it's the reason as to why the Sergeant-at-arm decided to shut you down, The Serjeant-at-Arms are supposed to ensure that that rules of this House are observed.

(Hon. Miruka rises on his feet)

The Temporary Speaker (Hon. Okumu): Order!! Order!!Hon. Member. I am still making a ruling on Hon. Okiri's Point of Order. So, next time, if you want to make a contribution on the floor of the House, the procedures dictate that you request for permission to do so as stipulated in the Standing Orders then the Serjeant-at-Arms will not have a problem with you. Hon. Member, if you just rise and start contributing like you have just done, then next time I believe that they might even escort you out of the chambers because they are informing you that you not even dressed properly. So, you have a lot of problems. I believe it's the reason the Serjeant-at-Arms are trying to tell you calmly to just stay low so that you are not escorted out of the chambers. Thank you.

The Temporary Speaker (Hon. Okumu): What is it Hon. Miruka?

Hon. Miruka: Mr. Speaker, what I wanted to raise has been overtaken by events.

The Temporary Speaker (Hon. Okumu): Thank you. Next order Mr. Clerk!

ADJOURNMENT

The Temporary Speaker (Hon. Okumu): There being no any other business the House stands adjourned to Tuesday, 08th March 2022 at 02.30 p.m.

(House rose at 03.42 p.m.)

Addendum

The Hansard Team

Zablon Otiende – Senior Hansard Reporter

Edward Odanga – Hansard Reporter

Fanuel Okode – Hansard Reporter

Patrick Okoyo – Hansard Reporter

Jacklyne Otieno – Hansard Reporter

Jesca Otieno – Hansard Reporter

Vallery Achieng' – Hansard Reporter