

MACHAKOS COUNTY ASSEMBLY**OFFICIAL REPORT****Tuesday, 3rd September, 2013**

The House met at 3.22 p.m.

*The Speaker (Bernard Mung'ata) in the chair***PRA YERS****MOTIONS****PROVIDENT FUND FOR MEMBERS****Hon. Speaker:** Yes honourable member, the floor is yours.

Hon. Kitheka: Thank you Mr. Speaker and the entire House. With me is a motion that I gave notice of in this House for members of Machakos County Assembly to consider the conversion of gratuity to a provident fund managed by Laprofund. Mr. Speaker I wish to give a document to the same effect to your desk. Mr. Speaker I wish to introduce the document to the members. Laprofund is a state corporation operating under an Act of Parliament cap 272, Laws of Kenya, County Government Act section 2012 (section 132), Urban Areas and Cities Act (2011) section 49 in conjunction with Retirement Benefits Authority Act 1997 and regulations of 2000 as a benefit scheme for county government employees.

The mission of the fund is to receive, prudently invest and manage member contributions for prompt payment of benefits for secured retirement. The fund pays annual interest calculated on total credit in every contributor's account at the beginning of each calendar year. The rate of interest is declared by the board and varies from year to year depending on the growth in investments. The interest is calculated on the cumulative contributions over the years on compound interest method. Mr. Speaker, the document has some calculations that have been tailored for the benefit of the members.

We have in the first comparison between gratuity for members when it has not been subjected to the scheme. For the members, when it is not subjected to the calculation after the five years, they will earn Ksh. 677,578 and when subjected to the provident fund, they will earn Ksh. 954,040. So I think Mr. Speaker, even for the calculation for the dues of the Speaker, when

there is no provident fund, he will earn Ksh. 1.8 million and over Ksh. 2 million when there is that provident fund. So Mr. Speaker, I think it will be good enough for this House to consider this document because it has benefits for the members which include;

1. At the end of the five years term, the County government may not have budgeted for the gratuity making it difficult for the MCAs and other members to access their money promptly.
2. Members stand to gain from the investment income over time. Members also receive regular statement of account.
3. Immediate access to Tax Relief Benefits since Laprofund is duly registered by KRA and RBA.
4. The County Assembly will gain from Laprofund track in administration of retirement benefits.
5. Reduced administration cost to the County Assembly since the responsibility of managing the County Assembly gratuity will be passed to Laprofund.
6. The County Government will also project an image of a caring employer by ensuring that MCAs enjoy maximum benefits at the expiry of their term.
7. Members can enhance their gratuity through voluntary contribution to their accounts.

Mr. Speaker, I wish to comment on the last point about voluntary contribution. Members of this House can, after passing the document, pay a voluntary amount to the account or even the County government can contribute some money to the kitty to benefit the members when the gratuity is paid by the government. So Mr. Speaker, I wish to call Hon. Maitha to second the document, the motion. Thank you.

Hon. Speaker: Perhaps honourable member, before it is seconded, is your motion dated? Does it have any date?

Hon. Kitheka: The motion which I gave in the other day was dated and this is the entire document. I hope it will be attached with the dated document. That is my hope.

Hon. Speaker: I propose that perhaps you date your motion. Amend it and date it.

Hon. Kitheka: Before it is seconded?

Hon. Speaker: Just amend it and let it be dated today.

Hon. Kitheka: Ok. So I amend and.....it is good, it is dated today.

Hon. Speaker: It is dated today?

Hon. Kitheka: Yeah. So I call upon Honourable Maitha to second the document. Thank you.

Hon. Maitha: Thank you Mr. Speaker and honourable members present. The motion that has just been tabled in the floor of this House Mr. Speaker is a noble idea and carries a lot of benefits to these members at the end of their five-year term. One thing we have agreed as honourable members is that anything that stands to benefit these members at the end of the day, we are not going to relent in discussing it and giving it unanimous support. Just to speak a bit about this document, you very well know that our money will stay idle at the bank until the end of our five-year term.

That money is not going to generate any interest at all and I strongly believe and these members can prove me right or wrong, if we put that money in the bank for five years, the total interest to be earned is limited but compared to what Laprofund is giving us, Mr. Speaker, this quite a good amount of money or interest that will benefit these members at the end of their term. So, without subjecting the motion to a lot of discussion, I second the motion and propose for adjournment of this sitting until we have a full house tomorrow so that all the members can be present to discuss this document at length and every member to understand the contents of this document. So I propose for an adjournment so that members can come tomorrow and discuss the same. Thank you, Mr. Speaker.

Hon. Speaker: So members, I think the proposal given is right and we can have the motion of the House adopted for discussion tomorrow but members, I learnt that the officials of Laprust are within the precincts, maybe for members who would wish to interact with them, they can be called to the House so that you can interact with them and have a refined debate tomorrow.

Hon. Kitheka: Mr. Speaker sir, the officials of Laprofund were around and when they learnt that it is a plenary and they cannot come into the House unless it is converted into a committee of the Whole House, they left for Nairobi but they can just come any time we call them so that we can interact with them in the House so that they can verify everything. Otherwise, they have given me all the details and we sat for about two meetings and alongside Hon. Veronica Mbithe and Hon. Maitha and I think the document is absolutely fine. Thank you.

Hon. Speaker: Then the document will be circulated and we can adjourn and meet tomorrow for further debate on the motion

Hon. Kitheka: The document is available.

ADJOURNMENT

Hon. Speaker: Any other matter? Any Bill from the chairman of Budget committee. I thought there was a Bill. Then honourable members, the House adjourns until tomorrow.

The House rose at 3.33 p.m.