



PRESS STATEMENT

HOUSE ALLOWANCE FOR MEMBERS OF PARLIAMENT AND SENATE

SRC's Mandate

Arising from previous challenges of an unsustainable Public Wage bill in this country, Kenyans through the Constitution, established the Salaries and Remuneration Commission (SRC) to address this matter among others. SRC derives its mandate from Article 230 of the Constitution, which gives it exclusive responsibility to set and review remuneration and benefits for all State Officers. The Commission also advises the County and National governments on remuneration and benefits for other Public Officers. To effectively implement this mandate, SRC is bound by the Constitutional Principles outlined in Article 230 (5) of the Constitution and SRC Act, 2011 Sec. 12 (1) which are as follows:-

1. The need to ensure that the total public compensation bill is fiscally sustainable;
2. The need to ensure that public services are able to attract and retain the skills required to execute their functions;
3. The need to recognize productivity and performance;
4. Transparency and fairness; and
5. Equal pay to persons for work of equal value.

SRC, as the only body mandated to set and review remuneration and benefits for State Officers and in line with the principles, is concerned with any remuneration and benefits paid without its approval. Such payments have far reaching ramifications on the fiscal sustainability of the public wage bill and go against the principles of fairness and equity.

Housing Allowance for State Officers

The Commission in Gazette Notices **No. 6516, 6517, 6518 and 6519 of 2017** set gross pay (consolidated pay) for State Officers, including MPs and Senators. The gross pay comprises basic salary and allowances, inclusive of house allowance. Any payment of house allowance outside the gross pay is therefore, unconstitutional. It is important to note that SRC has not set any house allowance for State Officers in the Executive, County Governments, Parliament, Judiciary, Constitutional Commissions and Independent Offices, outside the Gazette notices.

Housing Allowance for MPs and Senate

Members of Parliament and Senate, as per Article 260 of the Constitution, are State Officers. Consequently, the setting of their remuneration and benefits is the exclusive responsibility of SRC. It has come to SRC's attention that the Parliamentary Service Commission (PARLSCOM) in the recent past has determined and paid house allowance to MPs and Senators backdated to 5th October 2018. PARLSCOM does not have constitutional authority to determine any remuneration and benefits of State Officers. These actions by PARLSCOM are therefore, unconstitutional. Additionally, the payment of this house allowance to MPs and Senators amounts to double payment of a benefit which is already included by SRC in the gross pay.

Public Wage Bill

Kenya's public wage bill for the financial year 2017-2018 stood at about KES 733 billion. This translates to about fifty percent (50%) of the country's total revenue for the period. This exceeds the limit stipulated in the Public Finance Management (PFM) Act which provides that the expenditure on public wage bill does not exceed thirty five percent (35%) of total revenue.

This unconstitutional action by PARLSCOM to pay MPs and Senators house allowance of KES 250,000/- monthly, will cost taxpayers an extra KES 104 million every month, which is KES 1.2 billion annually. This payment will not only create inequity in remuneration and benefits for State Officers, but will also lead to demands for house allowance by other State Officers. The additional cost to tax payers of such an action will be an estimated KES 5.2 billion per year. The increase in the public wage bill will

not only crowd out the already scarce resources for development, but also negatively impact on provision of services to *wananchi*.

Action by SRC

The Commission has taken steps to ascertain compliance to ensure that all payments that do not have SRC approval are stopped. The Commission will take legal action to stop any payment that has not been set or advised by SRC and recover such payments.

In the interest of the citizens of Kenya and in accordance with Article 249 of the Constitution of Kenya, the Commission will always defend its constitutional mandate to set and review remuneration and benefits for State Officers as provided by Article 230 of the Constitution.

Mrs. Lyn C. Mengich
Chairperson, SRC