

Approved for tabling.

1/12/2020
SNA

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
TWELFTH PARLIAMENT – FOURTH SESSION-2020

THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL
WELFARE

REPORT ON THE CONSIDERATION OF THE PETITION REGARDING
THE PAYMENT OF SALARY ARREARS FOR STAFF OF THE POSTAL
CORPORATION OF KENYA

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 01 DEC 2020	DAY: TUE
TABLED BY:	HON PETER MWATHI (CHAIRPERSON)
CLERK-AT TABLE:	M. MOLO

Directorate of Departmental Committees
Clerk's Chambers
Parliament Buildings

NOVEMBER, 2020

PART 1

1.0 PREFACE

1.1 Mandate of the Committee

1. The Departmental Committee on Labour and Social Welfare is established in accordance with the provisions of Standing Order 216 of the National Assembly. Its mandate as provided for in S.O. 216(5) is to *inter-alia*:
 - i. *To investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned ministries and departments;*
 - ii. *To study the programme and policy objectives of ministries and departments and the effectiveness of the implementation;*
 - iii. *To study and review all legislation referred to it;*
 - iv. *To study, assess and analyse the relative success of the ministries and departments as measured by the results obtained as compared with their stated objectives;*
 - v. *To investigate and inquire into all matters relating to the assigned ministries and departments as they may deem necessary and as may be referred to them by the House;*
 - vi. *To vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (Committee on Appointments); and*
 - vii. *To make reports and recommendations to the House as often as possible, including recommendation of proposed legislation.*
2. The Committee is mandated to consider the following subjects: -
 - i. Labour
 - ii. Labour relations
 - iii. Manpower or Human Resource Planning
 - iv. Gender
 - v. Youth
 - vi. Social Welfare and Security
 - vii. Children's Welfare
 - viii. Persons Living with Disabilities
3. In executing its mandate, the Committee oversees the following government Ministries, departments and or agencies, namely:
 - i. The State Department for Labour
 - ii. The State Department for Social Protection
 - iii. The State Department for Gender
 - iv. The State Department for Youth
 - v. The State Department for Arid and Semi-Arid Lands
 - vi. National Gender and Equality Commission

1.2 Committee Membership

The Committee comprises of the following members-

The Hon. Peter Mwathi, MP (**Chairperson**)
M.P for Limuru Constituency
Jubilee Party

The Hon. Gideon Koske Kimutai, M.P (**Vice Chairperson**)
M.P for Chepalungu Constituency
Chama Cha Mashinani (CCM)

The Hon. James Onyango Koyoo, MP
M.P for Muhoroni Constituency
Orange Democratic Movement (ODM)

The Hon. Janet Marania Teyiaa, MP
M.P for Kajiado County
Jubilee Party

The Hon. Janet Nangabo Wanyama, MP
M.P for Trans Nzoia County
Jubilee Party

The Hon. Ronald Kiprotich Tunoi, MP
M.P for Bomet Central
Jubilee Party

The Hon. Moses Malulu Injendi, MP
M.P for Malava Constituency
Jubilee Party

The Hon. Tom Odege, MP
M.P for Nyatike Constituency
Orange Democratic Movement (ODM)

The Hon. Rose Museo, MP
M.P for Makueni County
Wiper Democratic Movement (WDM)

The Hon. Caleb Amisi, MP
M.P for Saboti Constituency
Orange Democratic Movement (ODM)

The Hon. Omboko Milemba, MP
M.P for Emuhaya Constituency
Amani National Congress Party (ANC)

The Hon. Charles Kanyi Njagua, MP
M.P for Starehe Constituency
Jubilee Party

The Hon. Fabian Kyule Muli, MP
M.P for Kangundo Constituency
Muungano Party

The Hon. Abdi Mude Ibrahim, MP
M.P for Lafey Constituency
Economic Freedom Party (EFP)

The Hon. Titus Mukhwana Khamala, MP
M.P for Lurambi Constituency
Amani National Congress Party (ANC)

The Hon. Safia Sheikh Adan, MP
M.P for Marsabit County
Jubilee Party

The Hon. Ole Sankok David, MP
Nominated M.P
Jubilee Party

The Hon. Wilson Sossion, MP
Nominated M.P
Orange Democratic Movement (ODM)

The Hon. Gideon Keter, MP
Nominated M.P
Jubilee Party

21. The Corporation has accumulated losses of up to Kshs. 5.9 Billion as at June 2020, which largely consists of Pending bills, owed to unremitted staff deductions, trade suppliers, Ministries, Departments and Agencies (MDAs). This technically presents an insolvent state of PCK since it cannot meet its obligations as and when they fall due.
22. The huge improvement in PCK revenue in the year 2017/ 2018 was occasioned by logistical services rendered in transportation of electoral materials for IEBC. This is a clear indicator that if allowed to render logistical services for government agencies then the Corporation can move out of the loss making territory.

Financial Performance during COVID-19

23. The financial performance of the Institution continued to decline given the adverse effects of COVID-19 as experienced in the Economy. Disruption in Logistics and Supply Chain Systems adversely affected Postal business on international mail conveyance that accounts for 60% of the annual turnover. This informed PCK's inability to convey mail and parcels to various destinations owing to closure of airports and suspension of passenger flights the world over, hence loss in revenue.

Conclusion

24. The Revenues of the Corporation have declined significantly in the period under review, and this was further exacerbated by adverse effects of COVID- 19 on the Economy, thus curtailing PCK's realization of the envisaged return on investment. This has eroded staff morale, confidence of trade suppliers, Government bodies and potential customers from doing business with PCK.
25. This declining performance has necessitated submission of a Petition to the National Treasury for bailout. Postal Corporation of Kenya has the potential to turnaround and pay dividends to the exchequer by doing the following-
 - i). Government to approve that proof of letterbox address ownership as a compulsory requirement for company registrations;
 - ii). Government to enforce regulation-protecting PCK reserved services of Mails weighing up to 350 grams and Letter Box services. Unlicensed postal players in the market mainly in the transport industry have infiltrated this market;
 - iii). Review of the policy on access of Universal Service Fund in support of the Universal Service Obligation (USO) by PCK. The Corporation urgently requires annual funding of Kshs 1 Billion to support the non-profitable offices in line with revised National ICT policy 2020;
 - iv). Government to appoint PCK as the preferred Clearing and forwarding agent and logistics Service provider;
 - v). Government to restore payment of the Orphaned and Vulnerable Children and older persons' stipend through the Post as outlined in the revised National ICT Policy 2020;
 - vi). Government to extend installation of National Optic Fibre Backbone (NOFBI) to every Postal outlet in support of the roll out of postal digital services and transformation;

- vii). Government to officially incorporate PCK in the newly formed Kenya Transport and Logistics Network (KTLN) to provide the last mile delivery from the Railway and Ports; and
- viii). Government to fast track the completion of the National Addressing System (NAS) to enhance the last mile delivery.

2.4 Submissions by the Communication Workers Union of Kenya

- 26. Mr. Benson Okwaro, the General Secretary of the Communication Workers Union of Kenya during the meeting held on 22nd September 2020 made the following submissions-
- 27. Postal Corporation of Kenya is established under the PCK Act of 1998 and registered as a commercial enterprise. This means that they should operate as a commercial company and be able to make profit and be able to pay dividends to the exchequer.

Political Appointments

- 28. The union submitted that appointments to the position of Postmaster General should be on the basis of qualification that is relevant to the institution and be done competitively. Their view is that other than the first Postmaster, Mr. Bishar, all the subsequent ones have been appointed more due to patronage than merit.

Board Oversight

- 29. In their view most of the board members, past and present have also been appointed on political basis and in many cases serve their own interest and have abandoned their oversight role.

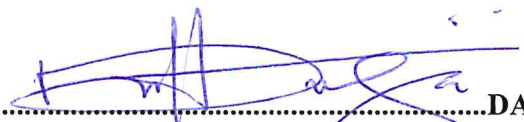
Business

- 30. It has been difficult for PCK to do business for many reasons including-
 - (a) Changes in Technology which has denied the Corporation its traditional business;
 - (b) Lack of foresight by both the Board and Management to look outside the box and explore new horizons;
 - (c) Use of clients' money as opposed to only keeping the commissions. Clients such as KPLC, Nairobi Water Company, Ministry of Labour and Barclays Bank (ABSA);
 - (d) Procurement plans: The union was of the opinion that procurement of services by PCK should be checked. For example PCK acquired the services of an ERP which to date is not complete. The computers serving the ERP are leased instead of being bought, which is very expensive;
 - (e) Lease of premises: In some case premises are leased on open ended contract without exit clause for example the Mega Plaza in Kisumu.
 - (f) Lease of properties: PCK has many assets which include plots and buildings. There is a new approach of leasing them out in a manner that is questionable e.g. City Square, Kisumu plot, Naivasha Post Office, Tom Mboya Post Office.

3.2 Committee Recommendations

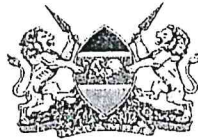
34. The Committee recommends as follows-

- i). The Ministry of ICT, Innovation and Youth Affairs should ensure that concrete efforts are made to ensure that the Corporation always pays its staff salaries on time and come up with a sustainable manner of funding its operations.
- ii). The Ministry of ICT, Innovation and Youth Affairs should ensure implementation of the 2017 Report on the Task Force on Revitalization of PCK, which among others recommended the restructuring of PCK to enable it focus on key business lines and carrying out a staff rationalization program.
- iii). The Ministry of ICT, Innovation and Youth Affairs should initiate a process aimed at conclusively resolving the financial crisis at the Postal Corporation of Kenya.
- iv). The Postal Corporation of Kenya should initiate measures, including upgrading of its technology to compete effectively and innovatively in order to adequately meet its financial obligations in a timely manner.

SIGNED..........DATE.....25/Nov./2020.....

**HON. PETER MWATHI, M.P. - CHAIRPERSON
DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE.**

REPUBLIC OF KENYA



TWELFTH PARLIAMENT (FOURTH SESSION)

THE NATIONAL ASSEMBLY

PUBLIC PETITION

(No 24 of 2020)

Approved
SNA
11/8/2020

Dr. Speaker
I may approve this
11/08/2020

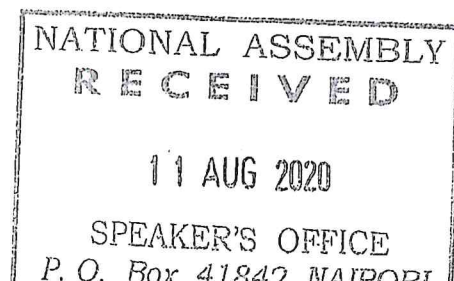
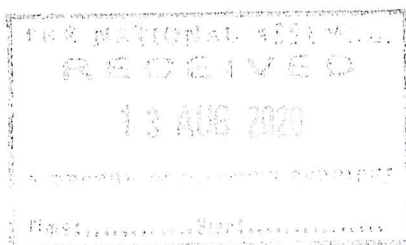
REGARDING PAYMENT OF SALARY ARREARS FOR STAFF OF THE POSTAL CORPORATION OF KENYA

I, the **UNDERSIGNED**, on behalf of the employees of the Postal Corporation of Kenya;

DRAW the attention of the House to the following: -

1. **THAT**, Article 41 of the Constitution provides that every person has the right to fair labour practices;
2. **THAT**, Postal Corporation of Kenya, a commercial state enterprise operating under the Postal Corporation of Kenya Act, 1998, is mandated to provide postal and financial services under the Universal Service Obligation;
3. **THAT**, over the past five years, the Corporation has consistently posted a deficit in an increasing trend which led to financial challenges making it difficult to settle staff salary arrears;
4. **THAT**, the COVID-19 pandemic has aggravated the situation with minimal postal activities;
5. **THAT**, the Corporation is undergoing a serious financial crunch and consequently has not paid salaries to its employees since March 2020;
6. **THAT**, efforts made by the Petitioners to have the Corporation address their plight have been unsuccessful;
7. **THAT**, the issues presented in this Petition are not pending before any court of law, constitutional or legal body;

THEREFORE, your humble Petitioners pray that the National Assembly through the Departmental Committee on Information, Communication and Technology:-



REGARDING PAYMENT OF SALARY ARREARS FOR STAFF OF THE POSTAL CORPORATION OF KENYA

- (i) investigates the matter with a view to resolve the issues relating to delays in the payment of salaries to staff of the Postal Corporation of Kenya;
- (ii) pursuant to the Employment Act, recommends that the Cabinet Secretary responsible for Information, Communications and Telecommunications initiates a process of rescuing the Postal Corporation of Kenya from its current financial crisis; and
- (iii) makes any other appropriate recommendations it deems fit in addressing the circumstances raised in this Petition.

And your **PETITIONERS** will ever pray.

PRESENTED BY



THE HON. RASHID KASSIM AMIN, MP
MEMBER FOR WAJIR EAST CONSTITUENCY

DATE:07/08/2020

MINUTES OF THE 37TH SITTING OF THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE HELD ON MONDAY 19TH OCTOBER, 2020 AT 2.45PM IN THE CONFERENCE ROOM, WHITESANDS HOTEL

PRESENT

1. **The Hon. Peter Mwathi, MP** - Chairperson
2. **The Hon. Gideon Koske Kimutai, M.P.** - Vice Chairperson
3. The Hon. James K'Oyoo, M.P
4. The Hon. Ronald Kiprotich Tonui, MP
5. The Hon. Tom Mboya Odege, MP
6. The Hon. Abdi Mude Ibrahim, MP
7. The Hon. Safia Sheikh Adan, MP
8. The Hon. Omboko Milemba, MP
9. The Hon. Titus Mukhwana Khamala, M.P
10. The Hon. Caleb Amisi, M.P.
11. The Hon. Charles Kanyi Njagua, MP
12. The Hon. David Ole Sankok, MP
13. The Hon. Gideon Keter, MP

APOLOGY

1. The Hon. Moses Malulu Injendi, M.P
2. The Hon. Janet Nangabo, MP
3. The Hon. Rose Museo Mumo, MP
4. The Hon. Janet Marania Teyiaa, MP
5. The Hon. Fabian Kyule Muli, MP
6. The Hon. Wilson Sossion, MP

IN ATTENDANCE

The National Assembly Secretariat

1. Mr. Adan Sora Gindicha -Senior Clerk Assistant
2. Mr. John Mugoma -Clerk Assistant II
3. Ms. Doreen Karani - Legal Counsel I
4. Ms. Fiona Musili - Research Officer
5. Ms. Sheila Chebotibin - Sargent-At-Arms
6. Mr. Job Owaga - Audio Officer

AGENDA

1. Prayers
2. Preliminaries
 - i. Introductions
 - ii. Communication from the Chairperson
 - iii. Confirmation of Minutes of previous Sitings
 - iv. Matters Arising
3. **Consideration and adoption of the following reports: -**
 - i. **Report on the Petition by workers of Postal Corporation of Kenya.**

ii. Report on Social Protection measures in coastal region during Covid-19 pandemic.

4. Any Other Business
5. Adjournment/Date of the next Sitting

MIN.NO. DC/LSW/205/2020: - PRELIMINARIES

The meeting was called to order at 2.45pm and thereafter a prayer was said. The Chairperson informed Members that the main agenda of the afternoon Sitting was adoption of the report on Petition by PCK workers and a report on Fact Finding Visit to coastal region to assess social protection measures during Covid-19 pandemic.

MIN.NO. DC/LSW/206/2020: - ADOPTION OF THE AGENDA

The program of the retreat was adopted with the following changes having been proposed and seconded by the Hon. Caleb Amisi, MP and the Hon. Abdi Mude Ibrahim, MP respectively: -

MIN.NO. DC/LSW/207/2020: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

Confirmation of the Minutes of the previous sitting was deferred to the next sitting.

MIN.NO. DC/LSW/208/2020: REPORT ON THE CONSIDERATION OF THE PETITION REGARDING THE PAYMENT OF SALARY ARREARS FOR STAFF OF THE POSTAL CORPORATION OF KENYA

The Committee went through the report and adopted it with the following observations and recommendations: -

Observations

The Committee made the following observations from the submissions-

- i). The Postal Corporation of Kenya has had decreasing revenue generation ability since 2015 leading to a delay in meeting its financial obligations including delaying payment of staff salaries since March of 2020;
- ii). The 2017 Report on the Task Force on Revitalization of PCK, which among others recommended the restructuring of PCK to enable it focus on key business lines and carrying out a staff rationalization program, had not been implemented;
- iii). The Ministry had to request the National Treasury to inject funds to the Postal Corporation of Kenya as a short-term measure to salvage the cash crisis;
- iv). The National Treasury approved Kshs 810 million for transfers to PCK vide a letter Ref. No. TNT/ZZ/331/03'TY' of 1st September 2020;
- v). Upon receipt of the exchequer, the Ministry of ICT, Innovation and Youth Affairs remitted the funds to Postal Corporation of Kenya (PCK) and thereafter the Ministry had been informed that all the employees had since been paid their salary arrears;
- vi). It was only after the Petitioners made prayers to the National Assembly that the issue was resolved.

Recommendations

1. The Committee recommended as follows-

- i). That the Ministry of ICT, Innovation and Youth Affairs should ensure that concrete efforts are made to ensure that the Corporation always pays its staff salaries on time and come up with a sustainable manner of funding its operations;
- ii). That the 2017 report on the Task Force on Revitalization of PCK, which among others recommended the restructuring of PCK to enable it focus on key business lines and carrying out a staff rationalization program should be implemented;
- iii). The Ministry of ICT, Innovation and Youth Affairs should initiate a process aimed at conclusively resolving the financial crisis at the Postal Corporation of Kenya;
- iv). The Postal Corporation of Kenya should initiate measures, including upgrading of its technology to compete effectively and innovatively in order to adequately meet its financial obligations in a timely manner.

MIN.NO. DC/LSW/209/2020: REPORT ON SOCIAL PROTECTION MEASURES IN COASTAL REGION DURING COVID-19 PANDEMIC.

The Committee deliberated on the report and made the following observations and recommendations: -

Observations

1. Since the commencement of National Hygiene Programme, sanitation and environment hazards in settlements have been reduced drastically. This has been witnessed by reduction of garbage and bushes in these areas and clean streets and drainage systems.
2. The National Hygiene Program lacks a clear tool of Monitoring and Evaluation, hence difficult to evaluate in terms of specific achievements
3. Concerns were raised, especially in Mombasa County of collusion between supervisors and youth engaged in the Kazi Mtaani Program to defraud the Government by ‘*clocking in*’ but not doing the actual chores for which they are paid.
4. Both Programs are biased towards urban dwellers, yet with loss of jobs due to the pandemic, thousands of Kenyans flocked to their rural homes.
5. There is no mechanism for tracking payments at the County level especially for the COVID-Emergency Fund since payments are made directly to the beneficiaries by Safaricom with no returns to the county level officials who prepared the lists of payees.
6. The National Hygiene Program does not have data on beneficiaries per Constituency. This makes it difficult to monitor given the central role of the Constituency in allocation of resources.
7. While attempts have been made to involve key stakeholders in the process of identification of beneficiaries for both programs, there is need for wider consultation including among religious leaders, civil society groups and local political leadership in the selection of beneficiaries to ensure the highest possible degree of fairness and equity.
8. There is a possibility of some beneficiaries placing all their hopes on the two programs, yet the two were meant to be one- off emergency measures to shield the vulnerable against adverse effects of COVID. This could lead to a dependency syndrome that can spiral out of hand.

9. The youth involved in the National Hygiene Program were not provided with adequate Personal Protective Equipment (PPE) thus exposing to the risk of contacting the COVID-19 virus. Similarly, given the kind of work such as clearing bushes and drainages the right occupational gears such as aprons and gumboots were not availed
10. The COVID-Emergency Fund, could have locked out thousands of very poor Kenyans who reside in areas with limited or no Safaricom network and those without phone numbers since payments were made through individual phone numbers.
11. The State Department of Youth Affairs, through the Directorate of Youth has initiated a training Program aimed at enhancing the entrepreneurship skills of youth especially those under the National Hygiene Program.
12. There have been marked reduction in crime and drug abuse in the three counties since the introduction of the Kazi Mtaani Program.
13. Inadequate facilitation at the grassroot level in terms of transport and office equipment.

Recommendations

The Committee recommended as follows-

1. Identification of beneficiaries be done in a more open way with all stakeholders fully involved.
2. An objective tool for monitoring and evaluation be developed for tracking the National Hygiene Program to ensure the beneficiaries are paid based on a clearly set criteria that is fair and uniform to all.
3. That people who migrated to rural areas after losing their sources of livelihoods due to the Pandemic be included into the National Hygiene Program (Kazi Mtaani)
4. The State Departments for Social Protection and Interior and Coordination should in conjunction with Safaricom, avail the list of beneficiaries paid in each county to the County Commissioners for ease of tracking payments and verifying recipients.
5. The State Department for Housing and Urban Development should disaggregate data on beneficiaries of the Kazi Mtaani Program, per constituency and avail the same to the National Assembly.
6. The State Departments for Social Protection, Interior and Coordination and Youth Affairs should initiate awareness creation efforts on the objectives of these programs and their transitional nature to safeguard the youth and other beneficiaries from falling into a dependency mindset.
7. The State Department for Housing and Urban Development should prioritize the provision of PPEs to the beneficiaries under Kazi Mtaani. The State Department should also provide suitable gear to the participants in line with the nature of work as required by the Occupational Safety and Health Act, 2017.
8. The State Departments for Social Protection and Housing and Urban Development, should work out modalities of ensuring that poor Kenyans who do not have mobile phone hand sets and those in areas with no network connectivity do not lose out on Government schemes to cushion the poor.
9. The State Department for Youth Affairs should upscale the entrepreneurial training it has initiated for the beneficiaries of Kazi Mtaani Program and bring onboard the various affirmative funds to help in transitioning the beneficiaries of the COVID-19 emergency Fund and Kazi Mtaani into other more sustainable initiatives.

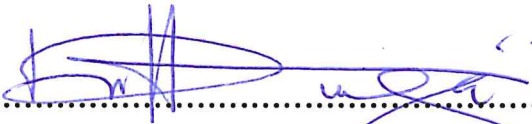
- 10. For both Programs, the relevant State Departments should provide the officers at the grassroots level with adequate facilitation to enhance efficiency and effectiveness.
- 11. That the two Programs be extended to support the vulnerable until the economy opens up fully given that the adverse effects of COVID 19 will be felt for a long time.

MIN.NO. DC/LSW/210 /2020: ANY OTHER BUSINESS

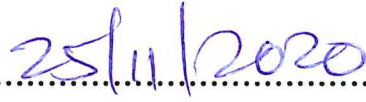
No Any Other Business Arose

MIN.NO. DC/LSW/211/2020: ADJOURNMENT

There being no other business, the meeting was adjourned 7.10pm

SIGNED: 

The Hon. Peter Mwathi, M.P
(Chairperson)

DATE: 

MINUTES OF THE 32ND SITTING OF THE DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE HELD ON TUESDAY 22ND SEPTEMBER, 2020 AT 10.30AM IN THE MINI-CHAMBER, PARLIAMENT BUILDINGS

PRESENT

1. **The Hon. Peter Mwathi, MP** - **Chairperson**
2. **The Hon. Gideon Koske Kimutai, M.P.** - **Vice Chairperson**
3. The Hon. Ronald Kiprotich Tonui, MP
4. The Hon. Janet Nangabo, MP
5. The Hon. James K'Oyoo, M.P
6. The Hon. Moses Malulu Injendi, M.P
7. The Hon. Tom Mboya Odege, MP
8. The Hon. Caleb Amisi, M.P.
9. The Hon. Abdi Mude Ibrahim, MP
10. The Hon. Gideon Keter, MP
11. The Hon. Fabian Kyule Muli, MP
12. The Hon. Omboko Milemba, MP
13. The Hon. Titus Mukhwana Khamala, M.P.
14. The Hon. Wilson Sossion, MP

APOLOGY

1. The Hon. Rose Museo Mumo, MP
2. The Hon. Janet Marania Teyiaa, MP
3. The Hon. Safia Sheikh Adan, MP
4. The Hon. Charles Kanyi Njagua, MP
5. The Hon. David Ole Sankok, MP

IN ATTENDANCE

Friends of the Committee

1. Hon. Rashid Kassim Amin, M.P – Petitioner
2. Ms. Amani Mwanasiti - Office of the Majority Leader

The National Assembly Secretariat

1. Mr. Adan Sora Gindicha -Senior Clerk Assistant
2. Mr. John Mugoma -Clerk Assistant II
3. Ms. Doreen Karani - Legal Counsel
4. Mr. Job Owaga - Audio Officer
5. Ms. Fiona Musili - Research Officer
6. Ms. Mohamed Said - Sargent-At-Arms
7. Ms. Noelle Chelagat - Media Relations Officer
8. Mr. Alex Oloo - ICT Officer
9. Mr. Ivan Ochieng - ICT Officer

Ministry of ICT, Innovation and Youth Affairs

1. Mr. Joseph Mucheru – Cabinet Secretary
2. Ms. Esther Koimett – Principal Secretary
3. Mr. Dan Kagwe – Post Master General
4. Mr. Peter Korir - General Manger, Finance
5. Mr. Muktar Abdulahi - Ag. Nairobi Region
6. Mr. John K. Tonui - General Manager, HR, Admin
7. Ms. Caroline Thuku - P.A to the C.S

Communication Workers of Kenya

1. Mr. Benson Okwaro - General Secretary
2. Mr. John Okotto – Deputy General Secretary

AGENDA

1. Prayers
2. Preliminaries
 - i. Introductions
 - ii. Communication from the Chairperson
 - iii. Confirmation of Minutes of previous Sitings
 - iv. Matters Arising
3. **Meeting with the Cabinet Secretary for ICT, Innovation and Youth Affairs and Officials of Communication Workers of Kenya regarding the Petition on payment of salary arrears for the staff of Postal Corporation of Kenya (PCK).**
4. Any Other Business
5. Adjournment/Date of the next Sitting

MIN.NO. DC/LSW/174/2020: - PRELIMINARIES

The meeting was called to order at 10.30am and thereafter a prayer was said. The Chairperson then welcomed all the participants to the meeting. This was followed by introductions.

In his Communication, the Chairperson informed the meeting that the main prayers of the Petitioners were: -

- i. That the Committee investigates the matter with a view to resolve the issues relating to delays in the payment of salaries to the staff of the postal Corporation of Kenya;
- ii. Recommends that the Cabinet Secretary responsible for information, communication and telecommunication initiate process of rescuing the Postal Corporation of Kenya from its current financial crisis.

MIN.NO. DC/LSW/175/2020: - ADOPTION OF THE AGENDA

The agenda of the meeting were adopted having been proposed and seconded by the Hon. Moses Malulu Injendi, MP and the Hon. Tom Mboya Odege, MP respectively.

MIN.NO. DC/LSW/176/2020: CONFIRMATION OF MINUTES OF THE PREVIOUS SITTING

Confirmation of the Minutes of the previous sitting was deferred to the next sitting.

MIN.NO. DC/LSW/177/2020: SUBMISSIONS BY STAKEHOLDERS

I. Ministry of ICT, Innovation and Youth Affairs

The Ministry submitted that: -

- a) The changing global market trends and emerging technology adversely affected the traditional postal mail business thus threatening the survival of Postal Corporation of Kenya (PCK). The financial challenges have made PCK to reduce its outlets from 1,039 in 1999 to the current 623.
- b) The failure by PCK to embrace new technologies and withstand new developments in the sector have affected its revenues and operations but there still exists an opportunity for PCK to regain and deliver sustainable business services to Kenyans. The government is working to facilitate the transformation of PCK.
- c) In April 2017, the government through the Ministry appointed a taskforce which recommended the government:
 - i. Restructure PCK to enable it focus on key business lines.
 - ii. Fund the implementation of staff rationalization programme.
 - iii. Facilitates in modernization of infrastructure and facilities to strengthen its role in provision of e-commerce services.
 - iv. Leverages on postal infrastructure and utilize PCK as service delivery agency for clearing and forwarding, logistics, mail services and payment gateway, courier and other services to citizens from the government.
 - v. In partnership with PCK and the International Telecommunications Union spearheads the establishment of the regional e-commerce.
 - vi. Enhance the role of post offices in financial inclusion.
- d) To mitigate the effects of COVID-19, the ministry wrote to National Treasury to inject funds to the corporation as a short term stop-gap to salvage cash crises. The National Treasury approved Kshs.810 million for transfers to PCK to pay salaries for six months and to clear all the arrears.

The Committee was further informed that:-

1. The corporation has a total staff complement of 2,541.
2. The revenue generation ability of the corporation has been decreasing over the financial period 2015/2016 to 2019/2020 which was largely attributed to the advent of technology which has taken a bite on the postal mails business which is the main revenue generator.
3. There is need to release unskilled staff and ageing workforce and replace them with youthful and highly skilled talents to raise innovative engagements. This requires a cash injection.
4. PCK is strengthening its capability and extending its range of products and services to meet challenges in customer needs as well as align with market trends.
5. PCK has accumulated losses sum up to Kshs.5.9Billion as at June 2020, which largely consists of pending bills owed to unremitted staff deductions, trade suppliers, Ministries Departments and Agencies (MDAs). This technically presents an insolvent state of PCK because it cannot meet its obligations as and when they fall due.

6. The institution's financial performance continued to decline given adverse effects of COVID-19 as experienced in the economy. Disruption in logistics and supply chain systems adversely affected postal business on international mail conveyance that accounts 60% of the annual turnover.
7. The corporation's revenue declined significantly in then period under review which has been worsened by adverse effects of COVID-19 on the economy thus curtailing PCK's realization of the envisaged return on investment. This has eroded staff morale, confidence of trade supplies, Government bodies and potential customers from doing business with PCK.
8. The declining performance necessitated submission of a petition to the National Assembly for bailout and PCK has potential to turnaround and pay dividends to the exchequer by doing the following:
 - i. Government to approve that proof of letterbox address ownership as a compulsory requirement for company registrations.
 - ii. Government to enforce regulation-protecting PCK reserved services of mails weighing up to 350 grams and letter box services. Unlicensed postal players in the market mainly in the transport industry have infiltrated the market.
 - iii. Review of Universal Service Fund policy in support of the Universal Service Obligation (USO) by PCK. The corporation urgently requires annual funding of Ksh.1Billion to support the non-profitable offices in line with revised National ICT policy 2020.
 - iv. Government to appoint PCK as the preferred clearing and forwarding agent and logistics service provider.
 - v. Government to appoint PCK as its preferred mails and courier delivery institution.
 - vi. Government to restore payment of the Orphaned and vulnerable children and older persons stipend through the post as outlined in the National ICT policy 2020.
 - vii. Government to extend installation of National Optic Fiber Backbone (NOFBI) to every postal outlet in support of the roll out of postal digital services and transformation.
 - viii. Government to officially incorporate PCK in the newly formed Kenya Transport and Logistics Network (KTLN) to provide the last mile delivery from the Railway and Ports.
 - ix. Government to fast track the completion of the National addressing System (NAS) to enhance the last mile delivery.

II. Communication Workers of Kenya

The representatives of the Communication Workers of Kenya submitted as follows: -

1. That Postal Corporation of Kenya was registered as a commercial enterprise and therefore it should be able to pay dividends to the exchequer.
2. Apart from Bishar Hussein who was the first Postmaster General and Enock Kinara, all other Postmaster Generals have been appointed outside their qualifications and were not relevant to Postal Corporation of Kenya (PCK)
3. Both past and current board members have been appointed on political basis who end up serving their own interest thus abandoning the oversight role.
4. It has been difficult for PCK to do business due to the following reasons.
 - a) Change in technology which has denied PSK its revenue.

- b) Lack of foresight by both the board and the management to explore new horizons.
 - c) Use of clients' money as opposed to the use of agreed commissions.
 - d) Procurement plans which we suggest that procurement for services should be checked.
 - e) Lease of premises whereby there are cases where premises are leased on an open-ended contract with exit clauses like Mega plaza in Kisumu.
 - f) Lease of properties which have been leased out in a questionable manner
5. The management staff is bloated and therefore it is important to reduce staffing positions especially at the senior management level especially when experiencing cash flow problems.
6. The way forward for the Government should be: -
- i. The government should appoint a strong and competent board to continuously oversight management.
 - ii. Restructure the management and appoint competent managers.
 - iii. Government to help in clearing outstanding financial obligations.
 - iv. Government to assist in the transfer of assets to pension scheme to clear the pension deficit and consider the payment of universal fund.
 - v. Helping PCK to do business like becoming the national courier service provider to both National and County governments, parastatals in addition to the current coverage.

Committee Observations

From the stakeholder's submissions, the Committee observed the following: -

- 1. That the staff of the Corporation had not been paid their salaries since March, 2020;
- 2. That the Ministry had no clear strategy on how to pay the postal workers after six months;
- 3. There was need for the corporation to ensure sustainable flow of salaries to avoid instances where workers miss out on statutory deductions;
- 4. The Ministry didn't clear timelines on when the salary arrears will be paid. Once the arrears are paid, it should clearly be communicated to the Committee;
- 5. The 2017 Task Force report on revitalization of PCK has never been implemented.

Way Forward

Having considered the submissions from the Ministry and Workers Union, the Committee resolved that the Committee will proceed to prepare its report isolating labour related issues, especially the issue of unpaid salary while making recommendations for follow up on other issues by the relevant Committee.

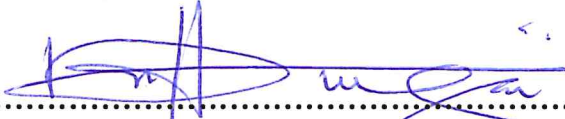
MIN.NO. DC/LSW/178/2020: ANY OTHER BUSINESS

Fact Finding Visit in Coastal Counties

The Committee will on 1st October, 2020 proceed for a fact-finding visit in Mombasa, Kwale and Kilifi Counties on Social Protection measures put in place by the Government in combating the Covid-19 pandemic.

MIN.NO. DC/LSW/179/2020: ADJOURNMENT

There being no other business, the meeting was adjourned 2.30pm

SIGNED: 

The Hon. Peter Mwathi, M.P

(Chairperson)

DATE: 25/11/2020



REPUBLIC OF KENYA
MINISTRY OF ICT, INNOVATION AND YOUTH AFFAIRS
STATE DEPARTMENT OF BROADCASTING AND TELECOMMUNICATIONS
Office of the Principal Secretary

Telephone Nairobi: 020-4920000
Fax 315147
Telegrams: "Telposta", Nairobi
When replying please quote

Telposta Towers
P.O. Box 30025
NAIROBI
KENYA

Ref: No. MICT/A 8/03

October 2nd 2020

Mr. Michael Sialai, EBS,
Clerk of the National Assembly
Parliament Building
NAIROBI

Dear Mr. Sialai,

**RE: DEPARTMENTAL COMMITTEE ON LABOUR AND SOCIAL WELFARE:
PUBLIC PETITION BY EMPLOYEES OF THE POSTAL CORPORATION OF KENYA
REGARDING PAYMENT OF SALARY ARREARS**

Reference is made to our meeting that was held on 22nd Sept 2020 on the above subject.

This is to inform you that we received exchequer from the National Treasury on 24th September, 2020 and the same was remitted to Postal Corporation of Kenya (PCK) on the same day.

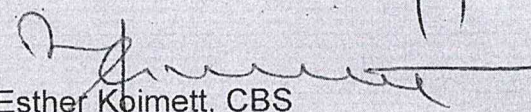
We are also informed that all the employees have since been paid their salary arrears and efforts are being made to ensure that the Corporation pays its staff salaries on time.

Attached is an extract of remittance schedule as per Integrated Financial Management Information System (IFMIS)

We thank you for your continued support and cooperation.

Yours

Sincerely,


Esther Koimett, CBS
PRINCIPAL SECRETARY.

ENCLs.

**Copy to. Joe Mucheru. EGH
Cabinet Secretary
ICT, Innovation and Youth Affairs**

Account Name REC STATE DEPT FOR
 BROADCASTING TEL
 Account Number 1000302418
 Legacy Number

Currency KES
 Balance ~~0.00~~
 Working Balance ~~0.00~~

RTGS Payments - Audit Trail








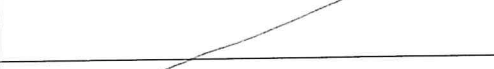

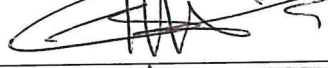

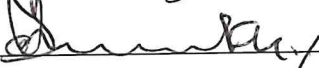




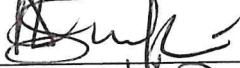

No.	Transaction Id	FT Reference	Processing Ref	Originator Ref	Amount	Bank	Ben Name	Ben Acct No.	Processing Date	User Id	Authorizer 1	Authorizer 2
1	A202667052832867	FT2026684MFIH	0020028219	353	810,000,000.00	07	POSTAL CORPORATION KENYA	6568690027	24 SEP 20		NDUNGURMIB	KAMADU WIB

PRINCIPAL SECRETARY
 STATE DEPARTMENT OF BROADCASTING
 AND TELECOMMUNICATION
 02 OCT 2020
 P. O. Box 30025 - 00100,
 NAIROBI

**DEPARTMENTAL COMMITTEE ON LABOUR & SOCIAL WELFARE
REPORT ADOPTION SCHEDULE**

**REPORT ON THE CONSIDERATION OF THE PETITION REGARDING THE
PAYMENT OF SALARY ARREARS FOR THE STAFF OF THE POSTAL
CORPORATION OF KENYA**

DATE: 19TH OCTOBER, 2020

No.	NAME	SIGNATURE
1.	The Hon. Peter Mwathi, MP – Chairperson	
2.	The Hon. Gideon Koske Kimutai, MP – Vice Chairperson	
3.	The Hon. Ronald Kiprotich Tonui, MP	
4.	The Hon. Janet Marania Teyiaa, MP	
5.	The Hon. Janet Nangabo Wanyama, MP	
6.	The Hon. James Onyango K'Oyoo, MP	
7.	The Hon. Rose Museo, MP	
8.	Hon. Moses Malulu Injendi, M.P	
9.	The Hon. Fabian Kyule Muli, MP	
10.	The Hon. Abdi Mude Ibrahim, MP	
11.	The Hon. Omboko Milemba, MP	
12.	The Hon. Safia Sheikh Adan, MP	
13.	The Hon. Tom Mboya Odege, MP	
14.	The Hon. Caleb Amisi, M.P	
15.	The Hon. Charles Kanyi Njagua, MP	
16.	The Hon. Titus Mukhwana Khamala, M.P	
17.	The Hon. Ole Sankok David, MP	
18.	The Hon. Wilson Sossion, MP	
19.	The Hon. Gideon Keter, M.P	