

CONSULTATIVE MEETING OF CHAIRMEN AND CHIEF EXECUTIVE OFFICERS (CEO) OF STATE CORPORATIONS

STATEMENT BY HENRY ROTICH, CABINET SECRETARY, THE NATIONAL TREASURY

26th May, 2017 at Kenya School of Government

My Colleague, Ms Sicily Kariuki,

**The Cabinet Secretary, Ministry of Public Service, Youth
& Gender Affairs;**

Principal Secretaries Present;

Chairmen of Boards of Directors;

CEOs;

Government Officers;

Ladies and Gentlemen,

1. It is my great pleasure to join you in this Consultative Forum whose theme is Performance & Ethical Compliance in State Corporations. From the onset, I wish to reiterate a few issues pertaining to management of State corporations of which you are all familiar with. As you are aware, State Corporations are established as a result of a Government policy intervention to address certain policy areas in the public service. State Corporations can be established under enabling legislations, either an Act of Parliament; through Legal Notice; OR incorporated under the Companies Act using Public resources.

2. Ladies and Gentlemen, State Corporations undertake specified mandates and functions as stipulated in their enabling act or various instruments like Article & Memorandum of Association. Gov't policy objective range from strategic interventions like investments in major infrastructure in energy, transport; social sectors like educations, health; provision of certain services or where the Gov't has delegated its regulatory functions to a specified entity established for that purpose. An entity established by use of public resources, or financed by funds appropriated by Parliament, levies, fees, and other charges earmarked for their operations is a National Government Entity.

3. In this regard therefore, all of us working in National Government Entities are public officers. As public officers, we must work and comply with the rules and laws of the land as provided for under various laws including The Constitution of Kenya, Public Finance Management Act, Public Procurement and Assets Disposal Act, Public Audit, to mention just a few.

4. In addition, as public officers, there are a number of expectations from the public and other stakeholders who pay taxes. As these entrusted with the responsibility of serving Kenyans, the Gov't and the public expects respective State Corporations to deliver high quality services in the most cost effective way; in an efficient, accountable and transparent management; with good corporate citizenship and

governance; social and environmental responsibility; and reasonable return on the investments. However, public expectations have been frustrated due to the unsatisfactory performance of state corporations.

5. Ladies and Gentlemen, let me reiterate briefly the role of The National Treasury (TNT). TNT as provided for under various laws is responsible for economic and financial matters of the Republic of Kenya. TNT should formulate, implement and monitor macro-economic and financial policies with respect to public revenue & expenditure to facilitate social and economic development. Consequently, TNT has from time to time come up with policy directives geared towards achieving these objectives.

6. It is upon you as Chairmen and CEOs of State Corporations to ensure compliance to all Government policies. For instance, expenditure relating to your respective State Corporation should be aligned to your mandate and be in tandem with National Government policy on public expenditure. Borrowings by your respective State Corporations should be justified, geared towards financing viable projects that are sustainable. It is the responsibility of all of us to ensure that the level and composition of national public debt, national guarantees, and other financial obligations including contingent liabilities that may crystalize to cause serious fiscal risks are sustainable.

7. Further, **Ladies and Gentlemen**, it has come to attention of the National Treasury that a number of State Corporations

have defaulted on their statutory obligations especially on loan/interest repayments and remittance of statutory deductions. Some have committed expenditures beyond their revenue sources creating huge pending bills. This is breach of existing laws and government policies and it should be addressed and stopped.

8. As I conclude, Ladies and Gentlemen, it is my humble plea to you all to have a candid conversation during this consultative meeting on how the challenges hindering effective public service delivery and suggest amicable solutions to overcome those challenges in order to improve public services delivery.

9. With those few remarks, Ladies and Gentlemen, it is now my pleasure to declare this consultative meeting officially opened. God bless and have fruitful discussions.

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