

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Wednesday, 18<sup>th</sup> September 2013

The House met at 2.30 p.m.

*[Hon. Speaker (Mr. Muturi) in the Chair]*

### PRAYERS

### PETITION

#### RECOGNITION AND HONOUR OF HON. KENNETH MATIBA

**Hon. Kang'ata:** Hon. Speaker, Sir, before you is a petition dated 13<sup>th</sup> September, 2013. This petition is signed by 20 petitioners. It is seeking the following prayers:

- (i) Recognition and honour of Hon. Kenneth Stanley Njindo Matiba by issuing a State Commendation of Elder of the Order of the Golden Heart for his pioneer contribution to multipartism and democracy in Kenya.
- (ii) Compensation and make provision for the return of any of his properties seized by the Government of the former era and are still in the hands of the State.
- (iii) Provide sufficient compensation to hon. Stanley Njindo Matiba for the ill health he suffered stemming from his imprisonment.
- (iv) Award compensation for the loss of income arising from the Government seizure and forceful auctioning of his property.
- (v) Initiate the process of renaming the Murang'a University College in Murang'a County to Matiba University College to honour his effort.

*(Applause)*

The petition is based on the following grounds: Stanley Njindo Matiba was a Kenyan politician born in 1942 in Kahuhia Village of Murang'a County where yours truly also comes from. He became a civil servant in 1963 and continued his service until December, 1998 when he resigned from active politics.

Hon. Njindo Matiba was a pioneer in the second reparation of Kenya. He was arrested and detained without trial on 4<sup>th</sup> July 1990 at the height of political clamour for political pluralism. While in prison, he was denied access to medication. He suffered a stroke and that affected half of his body. He was flown to London for specialized treatment soon after his release. He suffered aftermath a stroke up to date.

Hon. Kenneth Matiba was at the forefront in the fight for multipartism and in fact we all know that he vied for the presidential seat. This House knows that Matiba suffered in person and his property also suffered as a consequence of his fight for pluralism. It is out of those facts that

we are, therefore, seeking in the prayers which I have just indicated that this House takes something from the State to compensate Stanley Njindo Matiba taking into account that several other multipartisan heroes have been compensated including Koigi Wamwere.

I am, therefore, presenting this petition of Njindo Matiba.

Thank you.

**Hon. Ng'ongo:** Thank you, hon. Speaker, Sir. Let me take this opportunity to congratulate hon. Kang'ata for bringing this petition which I think is long overdue.

Kenyans need to appreciate those heroes and heroines who suffered and fought very hard for some of the freedom that we enjoy today. I would love that when this petition is transacted, we also consider other heroes like Charles Rubia who even lost his voice as a result of torture, frustration and humiliation in the hands of dictators of the past regime.

Thank you.

**Hon. Kang'ata:** Hon. Speaker Sir, I would like this petition to be committed to the Departmental Committee on Justice and Legal Affairs. I would like to clarify one point made by hon. Mbadi; Mr. Rubia has a case pending before the High Court which yours truly is handling. His matter is being handled by that court. That is why we did not enjoin him because it will be against the rule of *sub judice*.

**Hon. Speaker:** Did you say "yours truly"? Is there somebody by that name in this House?

**Hon. Kang'ata:** I am sorry, Hon. Speaker, Sir. I am handling a case between Rubia and the Government of Kenya where we are seeking compensation, but there is no case pending before court involving Matiba. That is why I did not enjoin hon. Rubia in this petition.

**Hon. Speaker:** Very well. I thought you were trying to introduce some stranger to the House. The petition is, therefore, committed to the Departmental Committee on Justice and Legal Affairs.

Let us move on to the next Order.

## NOTICES OF MOTIONS

### INCREMENT OF SUBSIDY TO SECONDARY SCHOOLS

**Hon. Andayi:** Thank you, hon. Speaker, Sir. I beg to give notice of the following Motion:-

THAT, aware that the Government adopted the Free Primary Education (FPE) policy and subsequently subsidised secondary education fees; deeply concerned with the rising number of school dropouts at secondary school level due to lack of school fees as a result of the high cost of living; noting that according to Article 53 of the Constitution 2010 every child has a right to education; this House urges the Government to double the amount subsidised to ensure transitional success of students in acquiring basic secondary education.

**Hon. Speaker:** Hon. Rachel Shebesh.

### REINFORCEMENT OF COMMUNITY SERVICE ORDER ACT

**Hon. (Ms.) Shebesh:** Thank you, hon. Speaker. I beg to give notice of the following Motion to the Departmental Committee on Administration and National Security and the Departmental Committee on Justice and Legal Affairs:

THAT, aware that during the year 2003 the Government enforced the Community Service Order Act 1988 as part of the ongoing prison reforms; deeply concerned that most police stations and prisons are still crowded with petty offenders as magistrates are not fully utilising the community service as an alternative to custodial sentences for petty offenders; also noting that Article 49(2) of the Constitution states that such people should not be held in custody if an offence is punishable by a fine or imprisonment for not more than six months; this House urges the Government to reinforce the Community Service Order Act, 1988.

**Hon. Speaker:** Very well. Hon. Irungu Kang'ata has two Notices of Motions.

#### UTILISATION OF NSSF SAVINGS TO CONSTRUCT HOMES

**Hon. Kang'ata:** Yes, hon. Speaker, Sir. The first Notice of Motion is the one dated 16<sup>th</sup> September 2013. It is with respect to the Departmental Committee on Labour and Social Welfare. I beg to give notices of the following Motions:

THAT, aware that the National Social Security Fund (NSSF) has massive savings from members accumulated over the years; concerned that over the years the said funds have not been well invested or utilised; noting that home ownership is a basic necessity in life; this House resolves that NSSF uses 20 per cent of its savings to construct homes for its members.

#### LIFTING OF BAN ON HOLIDAY TUITION

The second Motion is in respect to the Departmental Committee on Education, Research and Technology.

THAT, aware that the Ministry of Education banned holiday extra tuition in all public primary schools; deeply concerned that students in public primary schools are at an disadvantage as compared to students in private schools since the latter have more study hours; noting there is need for teachers to be engaged more in teaching during off hours rather than doing non-educational duties; further noting that the ban can be lifted without negating the free education principle; this House resolves that the Government should lift the ban on holiday tuition on the following conditions:

- (i) Extra tuition will not entail covering curriculum but revision.
  - (a) The school management will retain 50 per cent of all fees charged on students which will be used to pay for extra tuition for top 10 students every term, and orphans.
  - (b) Expend the money to employ extra teachers if need be and the other 50 per cent will be shared amongst teachers offering extra tuition.
- (ii) It will be undertaken only during school evenings, weekends and school holidays.
- (iii) No student will be sent home for non-payment of extra tuition fees or any other fees; and

- (iv) Any teacher who violates the above requirements will face disciplinary action before the Teachers Service Commission (TSC).

### REQUESTS FOR STATEMENTS

**Hon. Speaker:** Very well. Ideally Members, this is the time for Members who have had their requests for Statements approved. This is the time to have them referred to the relevant departmental committees or to wherever it may be. Unfortunately, no Member has brought their requests here. Hon. Eng. Gumbo, before we give hon. Pukose an opportunity to read a Statement, we will allow requests for Statements. So, we will come to you Dr. Pukose after that. Hon. Gumbo, have the Floor.

#### INVESTIGATION INTO DEATH OF MR. HAJI LUKINDO

**Hon. (Eng.) Gumbo:** Hon. Speaker, I thank you for giving me the opportunity to make this request for a Statement. Pursuant to Standing Order No.44(2)(c), I wish to request for a Statement from the Chairperson of the Departmental Committee on Defence and Foreign Relations regarding the death of a Kenyan citizen, the late Haji Lukindo after a road accident in which an American diplomat was involved.

Hon. Speaker, Sir, the Committee should investigate steps that have been taken by both the Government of Kenya and that of the United States of America to ensure compensation and justice is done for the family for the loss brought about by the diplomat who has since left the family.

Hon. Speaker, Sir, in addition as part of the Statement, I wish to request the Chairman to bring to the House an explanation as to the role of the US Embassy in Nairobi in helping the American diplomat evade justice by facilitating his escape from Kenya and what steps the Kenya Government has taken to ensure justice is done to the Lukindo family, particularly his pregnant wife and three children. Finally, let him tell the House what steps the Kenya Government has taken to ensure those involved face justice and the American Government compensates the Lukindo family as a result of causing the death of the sole breadwinner of the Lukindo family.

Hon. Speaker, before I sit down and through you Sir, and in the spirit of good neighbourliness and in being my brother's keeper and noting that nature abhors a vacuum, I wish to request that for the next four days as a good neighbour on all matters legislative, I act as the Member of Parliament for Gem Constituency. I thank you.

*(Laughter)*

**Hon. Speaker:** Well, I am not able to deal with that particular aspect. The next Member who has a Statement is hon. Arati Simba.

**Hon. Simba:** On a point of order, hon. Speaker.

**Hon. Speaker:** You will be given a chance to rise on your point of order but is there any other Member who has a request for a Statement? Proceed. Prosecute your point of order.

**Hon. Simba:** Thank you, hon. Speaker. I am a sad man this evening because of what has been happening in terms of the running of the business of the House. It has made me sad that even in my own constituency where I won the majority votes--- I did not steal the elections.

Without even labouring so much, yesterday from the HANSARD, you referred to me and you said clearly that: “Simba, do not think this is City Hall.”

**Hon. Speaker:** I would really want to indulge you that this is a House of rules, order and decorum. I want to request and ask that you apologise because your comments have hurt me and my constituents as a whole. I did not sleep. People have been calling me asking me what happened so that the Speaker took that direction. Even when a phone rings from the corner you normally look at me as if I am the only one who has a phone here. Learning is a continuous process and I believe that if this learning is a continuous process then we need to learn. You have been in this House longer than ourselves. I ask and request for an apology from you, hon. Speaker. Thank you.

**Hon. Speaker:** Under what Standing Order are you rising?

**Hon. Simba:** Standing Order No.84, hon. Speaker.

**Hon. Speaker:** Can you read it for the avoidance of doubt so that I can make a ruling?

**Hon. Simba:** I will read it, hon. Speaker, Sir.

**Hon. Speaker:** Read it loudly.

**Hon. Simba:** As I am reading, hon. Speaker, there is no privilege because I was seated here with the Leader of Majority Party yesterday. I was sole and you were the second person to walk out. But there is no privilege that I may be losing---

**Hon. Speaker:** Hon. Simba, are you going to read or you are not going to read?

**Hon. Simba:** I am reading it hon. Speaker.

“By the indulgence of the House, a Member may explain matters of a personal nature---” like the one that I have indeed explained. I know there is no question before the House but such matter may not be debated.

**Hon. Speaker:** Hon. Simba, you know I told you to read that Standing Order aloud so that everybody, including those constituents whom you represent to hear. You have not read the Standing Order. It is fair that you be given a chance to say what you must say. If you want to make a personal statement, hon. Simba, please look at the Standing Orders. You are at liberty to rise and claim to want to make a personal statement and there will be no debate. That is the rule! But purporting to rise on a point of order to say that you are learning and that others are also learning is totally out of order, hon. Simba. But you are at liberty and you have a right to stand in your place and make a personal statement. You will be allowed because it is your right to make personal statement. That is what you claim to do. So, please, as you said, learning is continuous process, I encourage you to continue, because it is a continuous process. That way you will not be out of order because it is your right. But, honestly, if you want to make a personal statement, please, kindly go ahead and do so. Only to appreciate that when you make a personal statement there is no debate on it, but it is your right. So, whenever you choose to make a statement, approach the Clerks-at-the-Table and it will be brought to my attention and you will be allowed. Hon. Simba, you have been given a lot of latitude in this House to speak. Therefore, there is no reason for you to imagine that you will not be allowed to speak, even to make whatever kind of personal statement you would wish to make.

Next Order.

**Hon. (Eng.) Gumbo:** On a point of order, hon. Speaker, Sir. Can he be given a statement when the Chair of the Committee is here?

**Hon. Speaker:** Well, hon. Simba Arati purported to rise on a point order which was not a point, as you noticed. So, since it is his right to purport to rise on a point order, we had to allow him to do so, even though he turned out to have been out of order. Your request for a statement is

directed to the Departmental Committee on Defence and Foreign Relations. Hon. Bare Shill, can you give an indication to hon. Gumbo as to when it is possible. I think it will also be important that you also invite hon. Gumbo to shed more light on the matter; he seems to have a lot more information.

**Hon. Shill:** Thank you, hon. Speaker, Sir. I would like to give an answer to hon. Gumbo in three weeks' time because the Cabinet Secretary in charge of Foreign Affairs might be out of the country because of the United Nations issues. So, three weeks will be very adequate.

Thank you. Most obliged.

**Hon. Speaker:** Very well. Hon. Pukose, the Floor is yours.

## STATEMENT

### SHORTAGE OF MEDICINE IN MEDICAL FACILITIES

**Hon. (Dr.) Pukose:** Thank you, hon. Speaker, Sir, for allowing me to reply to the Statement sought by hon. Joseph Nyumu, Member of Parliament for Gatundu South. He needed clarification on; one, when the supply of medicine will be made available considering that there is shortage of medicine in medical facilities all over the country. Two, what the Ministry was doing to ensure that there is no lapse in terms of availability of the medicine and three; whether the supply of free medicine to the public medical centres is sustainable in the long-term in respect of the cost.

Hon. Speaker, Sir, we invited the Cabinet Secretary for health and his team and after deliberations, we got the Statement. On when we will have supply of medicine available to all the health facilities within our constituencies, procurement and distribution of medicine to county health facilities, that is dispensaries, health centres and hospitals is amongst the functions that have been devolved to the counties under Legal Notice No.137 of 9<sup>th</sup> August 2013. It provides for all county governments to procure medicines from the Kenya Medical Supplies Authority (KEMSA), except where particular commodity required by a county government is not available, until alternative inter-governmental arrangements are made.

In the new dispensation and moving forward, the county governments suffer a major stake in the function of procurement and distribution of medicine for county health facilities. However, for harmonious execution of the function between the counties and KEMSA, the Ministry has co-ordinated preparation and operationalization of a workable mechanism. As this is happening, the Ministry has stepped in and mobilized some resources to cater for distribution of medicines by KEMSA to all public health facilities countrywide, which began last month, August 2013, and this is expected to be completed by mid of October 2013. The distribution will cushion the health facilities up to December 2013. The Ministry hopes that by then the new system will have been defined and established by counties, to take over the function.

On the second question about what the Ministry was doing to ensure that there is no lapse in terms of availability of medicines, as stated above, the Ministry has mobilized some resource for distribution of drugs to health facilities countrywide in the immediate transition period. Thus, by the time the counties take over the function, after December 2013, no lapses are foreseen.

However, it must be noted that procurement and distribution of medicine is resource intensive and the relevant resources for the function are already devolved. Thus, after December 2013, the ability of the Ministry to cushion counties effectively against shortage of medicines will be very limited, hence the urgency for counties to take charge in the shortest time possible.

To further enhance commodity supply, the Ministry plans to engage and share with counties practices and lessons to ensure that the immediate consequence, after takeover of the function, will not be a decline in commodity supply to health facilities, but an improvement on the existing level of supply. In addition, the Ministry will continue to closely liaise and monitor KEMSA to ensure that it is responsive to a function of medicine supplies in the devolved system.

The third question is about whether the supply of free medicines to public medical centres is sustainable in the long-term in respect of the cost. As you are aware, the supply of free medicine in public health facilities is sustainable, subject to progressive reduction of the burden of disease in the population and efficiency of the medicine supply chain. However, it is a big burden to taxpayers. Presently, the annual budgetary allocation for procurement of medicine addresses above 65 per cent of the requirements. Usually, the gap reduces as the overall health budget is increased because the increment goes to procurement of medicines. Presently, the cost of a number of priority medicines for public use like medicine for malaria, anti-retroviral drugs, tuberculosis medication, contraceptives and vaccines is got from grants by various development partners and charitable international agencies. When the burden is eventually passed over to the Government, it may be a challenge to shoulder it.

To bring down the requirement for medicines in the country as well as contain the budget for procurement of medicines from souring and becoming unsustainable, the burden of disease in the Kenyan population, and more so the poor who depend on public health services, has to be brought down and maintained at low levels. Towards this end, the Ministry has invested and will continue to do so substantially in preventive healthcare and promotion of early disease control measures.

Finally, the proposed introduction of a universal social health insurance scheme offers hope for provision of comprehensive and quality healthcare services, including access to medicines, as it is expected to meet all treatment costs for Kenyans.

Thank you.

**Hon. Speaker:** Let us hear the hon. Member who had sought the Statement. If he is not present, of course the Statement is the property of the House. In my view, it contains information that any hon. Member is at liberty to seek further clarification on.

Yes, hon. Kiptanui.

**Hon. Kiptanui:** Hon. Speaker, while I would like to thank the hon. Member for giving the Statement, he has said that it will take up to the middle of October for KEMSA to distribute drugs throughout the country. The implication is that quite a number of health facilities in our constituencies will be lacking drugs for another one-and-a-half months. My request to the Government, through hon. Pukose, is whether they could consider devolving KEMSA to other regions of the country, so that we do not have to travel all the way to the headquarters to get drugs.

**Hon. Speaker:** Yes, hon. Julius Ndegwa Kariuki. Did he just place his card in the machine and took leave? Is there any other hon. Member who would like to seek a further clarification on the matter?

Proceed and respond, hon. Pukose.

**Hon. (Dr.) Pukose:** Hon. Speaker, I will begin with the matter of distribution. We said that the exercise began in August and is ongoing until the middle of October. The aim is to distribute drugs all over the country. As hon. Members are aware, Kshs64 billion of the Kshs97 billion of the Budget allocation to the health sector was devolved to the counties. This included money for purchase of non-pharmaceuticals and medicines. Therefore, that function has already

been devolved. What the Ministry did was to look for funds to be able to take care of the counties between now and when the counties become functional. That is the distribution that is ongoing. The KEMSA had already procured drugs worth Kshs12 billion. The distribution exercise began in August and will continue until the middle of October. The stocks being distributed will last up to December. We expect the counties to have put in place mechanisms that will enable them to procure their own supplies by then.

On the matter of devolving KEMSA, I would like to state that KEMSA is an authority which was created by this House through an Act of Parliament. So, hon. Members are at liberty to bring an amendment to the Act to provide for devolution of KEMSA. So, that is the responsibility of the House.

**Hon. Speaker:** Yes, hon. K. Wanyonyi.

**Hon. F.K. Wanyonyi:** Hon. Speaker, the hon. Member said that distribution of drugs is going on as previously requested. My constituents do not know that the exercise is going on. We have about four dispensaries but we do not know how the distribution of drugs is being done. My constituents have asked me to find out how they can get the drugs. I am not sure whether the agency that the hon. Member has mentioned has gone down to my constituency. My people would like to know the modality through which they can get the drugs. Can he explain, so that I can explain the same to my people?

**Hon. (Dr.) Pukose:** Thank you, hon. Ferdinand Wanyonyi of Kwanza Constituency, Trans Nzoia County. You are not the only one expressing such sentiments. Other hon. Members have also expressed similar sentiments. They told me that, while spending the weekend at home, they visited dispensaries where they found that medicines were not available. Yesterday, we wrote to the Director of KEMSA. We want him to appear before our Committee in two weeks' time with the list of all the items delivered to the various medical facilities together with the delivery note numbers for drugs delivered to each dispensary all over the country, and the dates on which they were delivered. We will also ask him to indicate, if possible, when they will give the next supplies. So, we are on top of things. We will get that information. We know the concerns of hon. Members, which we want to address adequately.

Thank you.

**Hon. Speaker:** Yes, Rose Ogendo Nyamunga.

**Hon. (Ms.) Nyamunga:** Thank you, hon. Speaker. The question I wanted to ask has already been answered.

Thank you.

**Hon. Speaker:** Lastly, hon. John Olago Aluoch.

**Hon. Aluoch:** Thank you, hon. Speaker. In the last Parliament, as part of the Economic Stimulus Programme, the Government assigned each constituency funds for construction of a health centre. Some of those health centres have been completed and are working. Others are not yet complete but we were assured that drugs would be made available and that they would be kept at KEMSA. Could the Chairman tell the House whether the drugs are there or funds have been set aside for supplying the health centres with drugs?

**Hon. (Dr.) Pukose:** Hon. Speaker, I would like to thank hon. Aluoch for raising the matter and congratulate him for the recent ruling of the High Court, which ensured that he is safely here.

On the issue that he has raised, we know that in all the constituencies, there are what we call "centres of excellence" as far as healthcare is concerned. Those centres were put up. For some of them, equipment and medicines were supplied. However, medicines have expiry dates.

So, they will be utilised within a certain period of time. We can follow up the matter with the CEO of KEMSA in two weeks' time to find out if there are facilities that have not yet got supplies. We can notify the hon. Member so that he can attend the proceedings, so that he can address those issues adequately.

Thank you.

**Hon. Speaker:** Hon. Members, before we move to the next Order, I have Communications to make. One of them relates to a petition on sugarcane crisis in Western Kenya.

## COMMUNICATION FROM THE CHAIR

### EMINENT COLLAPSE OF SUGAR INDUSTRY IN WESTERN KENYA

**Hon. Speaker:** Hon. Members, Standing Order No.225 (2) requires the Speaker to report to the House any petition other than those presented through a Member of the Assembly. Therefore, I wish to convey to the House that my office has, through the Clerk's Office, received a petition on eminent collapse of the sugar industry in western Kenya. The petition was drawn on 23<sup>rd</sup> August 2013 and presented by Western Development Initiative Association (WEDIA). It is copied to the Clerk, National Assembly, and signed by three petitioners praying that the National Assembly:

(a) conducts an investigation on the role of the Kenya Sugar Board (KSB), the National Environment Management Authority (NEMA) and West Kenya Sugar Company in triggering and sustaining the sugarcane crisis in western Kenya; and

(b) conducts an investigation on sugar poaching and smuggling of cheap imported sugar into the country.

Hon. Members, this petition, therefore, shall stand committed to the Departmental Committee on Agriculture, Livestock and Cooperatives pursuant to Standing Order No.227(2) and the Committee is required to consider it and report its findings within 60 days from the date hereof.

Hon. Members, in accordance with Standing Order No.42, I have a message from the President.

## MESSAGE

### NOMINATION OF CHAIRPERSON AND MEMBERS OF TSC

**Hon. Speaker:** Hon. Members, Standing Order No.42(1) relating to messages from the President provides that the Speaker shall read to the House any message from the President delivered to him for communication to the House.

In this regard, therefore, hon. Members, I wish to convey the following message from His Excellency the President. The message relates to appointment of the Chairperson and members of the Teachers Service Commission (TSC). It was received in my office on 17<sup>th</sup> September 2013.

The message conveys the nomination of the following persons for consideration by the National Assembly:

Mr. Kiragu Wa Magochi for the position of Chairperson of the TSC; Mr. Albert Fred Ekirapa; Ms. Jacinta Anyango Kapiyo; Mr. William Mwita Makubo; Mr. James Muthuri Nkoro and Mr. Mohammed Mwijuma Mwinyipembe for the positions of member of the Commission.

Hon. Members, Section 8 of the Teachers Service Commission Act requires that the President nominates the Chairperson and members. Thereupon the National Assembly approves the nominees and then the President shall make the appointment. Sub-section 8 of the same section requires that the National Assembly concludes the process of approval or rejection of the nominees within 21 days from the date of the notification.

I now direct that the names of the nominees and their curriculum vitae be referred to the Departmental Committee on Education, Research and Technology to conduct the necessary approval hearings. Accordingly, I wish to guide the Committee and the House as follows:

- (a) The Departmental Committee on Education, Research and Technology should notify the nominees and the general public of the time and place for holding the approval hearings at least seven days prior to the hearings. Owing to the statutory deadlines, I now order that the notification be made immediately.
- (b) The Committee may, therefore, commence the hearings on Thursday 26<sup>th</sup> September 2013. The hearings shall be open to the public and must be seen to adhere to the tenets of public participation.
- (c) Thereafter, the Committee is hereby directed to table its report before this House on or before Tuesday 8<sup>th</sup> October 2013 for consideration.

Hon. Members, pursuant to provisions of Standing Order No.42(3), I now refer the message from His Excellency the President containing the names of the nominees together with their curriculum vitae to the Committee to conduct the approval hearings.

I thank you.

## **BILLS**

### *First Readings*

THE KENYA INFORMATION AND COMMUNICATIONS (AMENDMENT) BILL  
THE MEDIA COUNCIL BILL  
THE WILDLIFE CONSERVATION AND MANAGEMENT BILL

*(Orders for First Readings read – Read the First Time and  
ordered to be referred to the relevant  
Departmental Committees)*

### *Second Reading*

THE KENYA DEPOSIT INSURANCE (AMENDMENT) BILL

**Hon. Langat:** Thank you, hon. Speaker. I beg to move that the Kenya Deposit Insurance (Amendment) Bill, National Assembly No.4 of 2013 be now read a Second Time.

Hon. Speaker, I wish to report that the Report required under Standing Order No.127 (5) will be laid on the Table tomorrow for the reason that my usual clerk has been very sick this week.

The Kenya Deposit Insurance (Amendment) Bill as hon. Members may know came up to take care of investors in cases where banks get problems. It gives assurance to the depositors that their deposits are safe. Depositors have had many problems. In that case, the depositors can still get part of their deposits. That is basically the purpose of this law. This Bill seeks to amend the principal Act which was passed in 2012. Therefore, I would like hon. Members to support this Bill so that this institution is strengthened and we give assurance to our depositors that in the event there is a problem in the organization they are banking with, their savings are still safe.

I do not want to talk much about the Bill, but I will go to specific amendments. I hope hon. Members have copies of the Bill and if not, they can always find them in Room 8. They were distributed, I think, three months ago.

Hon. Speaker, Clause 2 just seeks to introduce new definitions.

Clause 3 seeks to clarify the fact that we want to inject resources into a bank as a liquid support. If there is a troubled bank then it clarifies that the resources are injected to the troubled bank so that it can start working again. The Clause also seeks to amend the principal Act to empower the Kenya Deposit Insurance Co-operation to enter into cross-border arrangements with other regulators or deposit insurers because we are getting global. We have the East African Community (EAC) here. They must be able to relate with others in the region, for example, Rwanda and Uganda. This is just recognition of Kenya for being international. We cannot just remain an internal organization.

This Bill also seeks to change the financial structure of the corporation which is Kenya Deposit Insurance Corporation so that in addition to what Parliament gives--- We all know that in Kenya we have a lot of problems in terms of financing. In addition to what we give, they must also be able to generate their own resources in their insurance scheme, so that they can defray part of their expenses. Therefore, this is one area which the Bill seeks to amend. The original Act says it can only use the money which is appropriated by Parliament and you know in this country we have a lot of funding problems.

We are hardly able to collect Kshs.900 billion shillings yet the counties are demanding Kshs.200 billion. We have a wage bill which is Kshs.400 billion shillings, so we are under pressure. Therefore, this organization is given more powers to seek their own funding so that we can release part of the resources to other deserving sectors.

One other thing that this Bill seeks to do is limiting the power of the corporation to sell assets of a troubled institution. Many times, when they take over and sell the assets, they do not recover their money and they really do not manage the organization properly. It is said they need to look at other ways other than selling the assets of the corporation. It is believed that if there is a troubled bank and somebody comes to manage it, like the Kenya Deposit Insurance Corporation you should be able to revive the organization in a better way than selling their assets.

To me, that is a very good provision because in the past we have seen assets being sold, depositors are not taken care of and the shareholders are left quarrelling. So, this really limits the purpose of that institution to management for the purposes of reviving the troubled financial institution.

These amendments also seek to improve the corporate governance structure in terms of the board of directors of the Kenya Deposit Insurance Corporation, so that it says it should not come from the member organizations. It should be independent people who are able to see these things objectively not with vested interests. I think that is a very good system, good corporate governance.

On Clause 5, the amendments on the Floor seek to amend the principal Act, to clarify that expenses of the corporation's normal operations shall be charged to the Kenya Deposit Insurance Fund. This is again what I was telling the House, that the corporation should be able to look at other ways of financing itself so that Parliament or the Kenyans taxpayers' money can be used to offer other services.

I want the House to support because of the reasons I have given, one being that the corporation should be able to look outside for their own funding and two, the issue of corporate governance so that we strengthen the confidence of Kenyans to be able to save knowing very well that there is somebody, a third person who is watching over their deposits.

I do not want to spend much time; I want to urge the Leader of the Majority Party to second this Bill and I move that the Bill be now read the Second Time.

**Hon. A.B. Duale:** Thank you, hon. Speaker, Sir. Just like the Microfinance Amendment Bill, this is again another amendment Bill to the existing Kenya Deposit Insurance Act. Just like yesterday, I will try to highlight the key areas in which amendments have been made as far as the Kenya Deposit Insurance Act is concerned.

This is a very important amendment, particularly to the financial sector. We have the Finance Bill and a number of them are coming, like the Capital Markets Authority Bill. This is one time when we must exercise our legislative role so that my colleagues who are not here, tomorrow when this Bill goes through the Third Stage, will not raise the issue in their party group meetings and call a Press conference. This is why this thing is done and I am happy today my good friend, hon. Ababu Namwamba is in.

Clause 2 is being amended and basically it talks about the definition of terms and phrases. It defines the terms as used in the amendment.

Clause 3 seeks to clarify when to inject into a bank liability support, a capital or financial liability. It talks about capital injection. It is about the liquidity ratio. In the same clause, it is making the Kenya Deposit Insurance Act more expanded and it creates more clarity.

Clause 4 of this amendment Bill talks about enhancing the good governance principles by requiring the chairpersons of the boards of directors of the Kenya Deposit Insurance Corporation not to come from any of the member institutions. So, it is about good governance. If you are one of the institutions within the Kenya Deposit Insurance Act as a player and to forestall conflict of interest then you cannot be a member of board of directors of the institution. I think it is very common in corporate governance practice that requires the appointment to be made from independent board members.

Clause 5 of this amendment Bill is seeking to amend the principal Act and it wants to clarify the expenses of the corporation's normal operation account which shall be charged to the Kenya Deposit Insurance Fund. Parliament, as you know appropriates funds under exigent circumstances. That clause mainly makes that clarification.

Clause 4, if I may go back, also clarifies on the number of board members to be appointed by the Cabinet Secretary in charge; that is the Cabinet Secretary for National Treasury.

Clause 6 of this amendment is said to amend section 20 again of the principal Act to ensure that monies appropriated by Parliament under this provision are for the purpose of this fund and not for any other purpose. So, it is trying to safeguard the role that the budgetary process of Parliament plays, that the monies for this particular fund cannot be used for anything else, not even by the corporation itself.

Clause 7 seeks to insert a new subsection 20(a) of the amendment Bill again in the principal Act to empower the board to fix the size of the fund. Mainly, it talks about the number,

the size and the extent of the fund. Within the international standards which promote confidence in the member institutions, the insurance will protect the interest of the depositors. Mainly it gives us the number and a safeguard in terms of the protection of the depositors.

Hon. Speaker, Sir, Clause 8 seeks to amend Section 21 of the principal Act. This empowers the corporation to borrow from the Central Bank of Kenya (CBK) or any other source as the board may deem fit. But the amount borrowed shall not exceed 25 per cent. So, this gives power to the board to borrow and get more liquidity from the market, and more so within the provisions of the CBK. Again, it has given a ceiling of not more than 25 per cent.

Clause 9 seeks to amend Section 22 of the principal Act. This is, again, to empower the board to expand the scope of investment options within the organization. If there are investment portfolios, the board is given powers under which circumstances it can invest resources. This is meant to increase the earnings, create and empower the growth of the fund.

Hon. Speaker, Sir, Clause 10 seeks to amend Section 27 of the principal Act to empower the corporation to use the risk base assessment of the contributions from the member institutions. So, it is introducing a formula for calculating the contribution by institutions that are in operation for not less than 12 months - three years to the date of the notice - that have served under Section 2 of the principal Act.

Finally, Clause 11 seeks to amend Section 33 of the existing Act. It specifies when the depositors should take payment and the period they should be paid within the 30 days as per the principal Act.

Clause 12 seeks to amend Section 35 of the principal Act. Again, this gives the corporation the right to separate any preferred claim by any of the depositors or any of the creditors. This has one objective and the objective of the corporation is again to protect the depositors through a strong insurance fund that is reputable within our country and within the region.

Hon. Speaker, Sir, Clause 13 seeks to amend Section 50 of the principal Act by only correcting typographical error in the numbering of the paragraphs of Section 50(1) where paragraph "c" reads as "b". Really, this is typographical error that already exists in the principal Act. So, this is trying to correct it. Again, this clause gives more receivership powers to the corporation or direct authority to exercise various options in terms of restructuring mechanism.

Clause 14 of this amendment Bill seeks to amend Section 53 of the principal Act to streamline the term of a receivership. It upholds the authority of the CBK to appoint the corporation as a regulator. The last two amendments are on Clause 15 which seeks to amend Section 57 of the existing Act. All it does is to bring clarity. After payment of the insured deposits, any residual payments will include an incurred deposit.

Lastly, Clause 16 seeks to amend Section 63 of the principal Act. This deals with the opening statements of any section. Again, it puts more clarity on this.

In a nutshell, the amendments have been brought from Clauses 2 to Clause 16 of the principal Act. Basically, this was in line with the new Constitution. Kenya, as a country, needs to have the best of laws in terms of the financial institutions within the region. We need to make our country a very competitive global investment destination.

Hon. Speaker, Sir, with those few remarks, I beg to second.

*(Question proposed)*

**Hon. Nuh:** Thank you, hon. Speaker, Sir. I rise to support the Bill as amended. This is a very timely Bill that is required mostly in the financial sector of our country. Kenyans have lost a lot of money in banks that have collapsed. For that reason, Kenyans need protection more than any other time at the moment.

As the Chair is aware, even when you lose your money in those collapsed banks--- Even the collateral that they have sometimes are sold fraudulently, without consulting you or informing you. So, this Bill is timely. It is one that will serve the best interest of Kenyans financially.

As you are aware, this Bill has been there but the amendments that are being proposed at the moment will make it better for Kenyans because they introduce many aspects including good corporate governance of the Kenya Deposits Insurance Corporation.

Hon. Speaker, Sir, with those few remarks, I support this Bill.

**Hon. (Eng.) Gumbo:** Thank you, hon. Speaker, Sir, for granting me the opportunity to support these important amendments. As I support them, I want to note that some of the newly developed countries in the world have done so through a culture of encouraging saving. However, the culture of saving can only lead to development if it is possible to mobilize those savings when needed. People will develop a culture of saving if there is a level of an assurance that whenever they need those savings, they are able to access them.

In the past, I dare say that we have had financial institutions in this country which you can call financial institutions whose sole intention has been to lure depositors with the purpose of misappropriating their savings. Inevitably, when depositors know that there is a less likelihood of accessing their savings whenever they need them, they will shy away from saving.

Hon. Speaker, Sir, I want to say that a level of assured remedy in the event that such institutions go down is useful in encouraging people to put money in the banks and places that take deposits. This in effect helps to build depositors' confidence.

It is, therefore, important that we, as a House, support any move that aims to strengthen the confidence of depositors in the institutions that we have around us.

Strengthening of such institutions should include remedies that aim to provide answers to depositors, for example, when those institutions go down in a short time. You will recall that in Kenya, we had institutions that collapsed more than three decades ago but up to now a number of those institutions--- Most depositors, some have even died, have not even received 10 per cent of the deposits they had when those institutions collapsed.

As a result, all these families that had been promised many years ago are now living in penury and this is something that we need to avoid. Of course, again you know if I am paid 30 years after a bank collapses, the time value of money alone makes what I receive inconsequential in so far as the remedy is concerned. Therefore, it is important that as we pursue this amendment, we also encourage the corporation that whatever investments that they may want to undertake with the funds of the corporation should be aimed at giving depositors remedy in the event that they need that remedy. That is giving depositors remedy in a quick time so that depositors can realise the full value of their money.

Hon. Speaker, I am encouraged to note that if you look at some economies, for example the so called Asian Tigers, these are economies that about 50 years ago, in terms of Gross Domestic Product (GDP) per capita, were actually smaller than our country but through an assured mobilisation culture of saving, the citizens developed a culture of saving and those savings have been mobilised and some of these economies, from what we get to hear, have actually developed without needing external loan support. I think this is possible in our country.

What we need is to be able to strengthen our institutions so that our people can have confidence in them. People prefer to avoid institutions that take deposits and instead go about using their money without caring about investing for tomorrow. That can only happen if the assurance is there, that in the event the deposit-taking institution goes down, you will be able to access your savings. Through that way, I think it is an avenue for us to develop without having to always result to expensive and conditional aid from our so-called development partners.

Hon. Speaker, with those remarks, I beg to support.

**Hon. Speaker:** Hon. Esther Murugi.

**Hon. (Ms.) Mathenge:** Thank you, hon. Speaker. I wish to support these amendments and also taking into view that if anyone of us remembers the late 1990s, a lot of banks went under with a lot of deposits and what these people were paid was just a meagre Kshs100,000 regardless of how much money the banks had with them and up to date these people have not yet been repaid whatever was with the banks. So, I think this is something that is very encouraging to Kenyans and it will also give confidence to people to save. I believe when they encourage Kenyans to save, even our own Government will not be forced to go out to borrow money from out there because we will have our own money within our country.

Hon. Speaker, some of the banks that went under actually forced people who had deposited money in their banks to buy shares and those shares have not even appreciated in value. If you were forced to buy shares worth a million shillings, it is still worth Kshs1 million 10 to 20 years down the line. So, I believe this is something that is going to give encouragement to Kenyans and especially as we are encouraging the youth and women to become entrepreneurs. They can only be entrepreneurs by learning how to save and being assured that whatever savings they make; they are going to be secure.

So, hon. Speaker, I do not want to elaborate further but I think it is a good move. We should all support it and ensure that it is implemented not tomorrow but yesterday. Thank you.

**Hon. Speaker:** Hon. George Washington Malan Omondi.

**Hon. G. W. Omondi:** Thank you, hon. Speaker. It is true that the business of banking is based on trust and confidence and one of the reasons why banks fail is because of lack of confidence or trust. It is also true that the financial system, as it is conceived today, is so intertwined that any failure of a big financial institution can bring down the whole economy.

Hon. Speaker, this particular amendment seeks actually to strengthen the two pillars of banking that is, confidence and trust. That is one reason why I would go ahead to support this amendment. It is also true that the current outfit that looks after the depositors' money in the banks, which is the Deposit Protection Fund (DPF) is actually a branch of the Central Bank of Kenya (CBK) and as such is very much constrained in the way they make their decisions. This particular amendment seeks to bring independence and the new outfit would definitely be independent which is good for the protection of the depositors' money.

Hon. Speaker, it is also true that the only mandate of the current outfit of the DPF is to liquidate failed institutions. The new outfit endeavours to take action before these banks actually fail and as we have been informed, moving to transfer depositors' money to some stronger financial institutions or moving with finances and funds to make sure those depositors do not lose their money when the banks fail.

Hon. Speaker, it is also true that the governance of the present DPF is limited because it draws its board from CBK, the Treasury and the banking industry. The new outfit as we have seen in the amendment seeks to widen this governance and bring in membership from the

Attorney-General. To this extent, the amendment goes further to make sure that supervision of the DPF is strong.

Hon. Speaker, I wish to say that the reason why banks are supervised is actually to enhance the stability of the financial system which is very important for the viability of the whole economic system and this is what the new outfit - the Deposit Insurance Corporation (DIC) is going to achieve.

With those few remarks, I wish to support.

**Hon. Speaker:** Now you see, the hon. Member coming is the one next. You may never know when you are seated there, but you are next in the line. You do not have to lobby here.

**Hon. M'uthari:** No, hon. Speaker, Sir. I was going for another business. I was not lobbying. I rise to support the amendment to this Bill. It is a very important Bill because it is going to strengthen the financial sector and it will encourage saving. We are aware that without savings, it is very difficult to develop as a country. One way of ensuring that people have security or they have confidence in the financial sector, is when they are assured that their deposits are well taken care of and they can be paid. So, the financial sector will be strengthened through this amendment and then we are going to have a strong financial sector. As I have said, this is going to encourage investments and will make more Kenyans to put their money in the financial institutions and that way, there will be finances available for investment and for other sectors.

So, this Bill is a step in the right direction by the fact that it will strengthen the governance of the institutions or the corporation which will go a long way in terms of building the confidence and make our country secure. We know that for one to be able to develop, it is not by getting help from other people. The best help is self-help and the best way for us as a country is to strengthen our financial institutions and then encourage our people so that they can have confidence to save money within the country. If they do so and know that their finances are secure, there will be money available for investment and the investments can also create jobs and possibilities. This is what is going to make our people live with confidence. That way, we can live without depending on other people. We will be self-reliant and then we can also have own dignity.

Hon. Speaker, Sir, when you depend on other people, even your dignity is in problem. You are troubled, you cannot stand on your own and you cannot have your voice. But if you have a strong economy, then we can have a voice.

With those remarks, I support this Bill.

**Hon. A.T. Anyanga:** Thank you, hon. Speaker. I stand to support the Bill. As a country since the year 2008, we have taken a very aggressive path of achieving Vision 2030. One of the key pillars of Vision 2030 is the economic pillar where financial services constitute a very strong flagship project under the economic pillar.

Hon. Speaker, Sir, going per the history of this country and I being one of the victims of financial institutions that went under with our deposits, it is important to look at this Bill keenly. I remember in the year 1997, hardly two years after my graduation, I was a very young graduate, not really well off with some little deposits, trusting one institution called the Kenya Finance Bank which actually went under with my entire savings. I strongly believe that it is time to regulate and strengthen financial institutions to build trust and confidence among depositors.

Hon. Speaker, Sir, if you look at economies which have been growing based on service delivery or provision of services globally, and particularly financial services - I am looking at economies like Hong Kong, Singapore and Switzerland, most of these countries have very strong

legislations that protect deposits, especially in financial institutions. The Chair is aware that one of the challenges that we have had in this country is mobilization of deposits. As a country, I think we are just doing about 13 per cent and that is not good for the growth of this economy. We have had big economies like the USA as one big example, because of lack of proper regulation of their financial services, they have had to go under through the well known global financial crises. Therefore, learning from such kind of global and local lessons, I think this Bill will then encourage Kenyans. Of course, if you do not do that, they will have other alternatives which is either getting the money out of the country or saving it in other unconventional ways like keeping money under mattresses. As you are aware, just two months ago, for purposes of hon. Members who may not have read this, a Chinese national lost about two million of her savings because rats and other animals that feed on money gained access to the mattress where this money had been kept and this actually wiped out her entire life savings; the equivalent of Kshs2 million.

Probably there are such cases in this country only that they do not get reported in the media. My point here is that, if we give Kenyans an opportunity to save their money and be sure that their money will be safe when they need it, then everybody will develop this culture of saving, which indeed should be a culture that should be encouraged right from the time children start going to school up to the time people retire.

The other thing which I wanted to mention is the whole idea of the Government sometimes being under pressure to borrow. Trying to borrow from the local market is, of course, a safer route for the Government to take, than going to international institutions that give us very stringent rules. Indeed, one of the ways that we could also regulate the kind of interest Kenyans can make when they borrow is to have enough pool of domestic savings which the Government can borrow from and which will also increase the returns in terms of what is paid out in Treasury Bills and Bonds. That naturally will also challenge the banks to pay better rates on fixed deposits. Most of the people who fix their money through those kinds of instruments hardly make any form of reasonable returns on their investments.

Therefore, the idea of having a very strong financial and fiscal discipline in an economy through having some kind of an insurance system that ensures that all depositors are guaranteed of their savings goes a long way in ensuring that savers and other forms of depositors in financial institutions are well guaranteed of their income.

Hon. Speaker, Sir, as we talk about driving this economy into a two digit economy, mobilization and mopping up of savings and giving a framework to ensure that those savings are safe is the best way we can guarantee our nationals and other investors who are in this country that indeed, our financial sector is up and competitive.

So, with those remarks, I support.

**Hon. Njagagua:** Thank you hon. Speaker, Sir, for giving me this chance to contribute to this timely Bill. We all know that in the late 1990s, a lot of our banks were going under because of financial mismanagement and what an investor could only get from those banks was, out of Kshs100,000 you could get Kshs1000.

So, I want to support this Bill because it guarantees a depositor his money. That once you deposit your money in the bank, when that bank collapses, you will be paid your money and the entire savings. We must also thank the current management of Central Bank of Kenya because I do not think there is any single institution that has gone under during their watch. So, we must at the same time put notice to the managers of these banks that, it is prudent management of the finances which is going to safeguard Kenyans' money.

So, I stand to support this Bill.

**Hon. ole Ntutu:** Thank you, hon. Speaker. I also rise to support the Motion simply because I think it is time for us to realise, as a country, that we must strengthen our financial institutions.

One of the things that our colleagues mentioned is that this Bill will promote savings. In Kenya, we are ranked very poorly in terms of savings, the reason being that we do not trust our financial institutions. So, this Bill will bring order to our financial institutions. In order to encourage investors to invest in our country, we need to make sure that we insure our institutions, so that we can trust them.

This Bill is timely because it will help to bring order in our institutions. I remember that as I was growing up, one day my father came home and said that he had invested some money in an institution in Nairobi, which I will not mention. He lost that money. The matter was dear to him because when he came home, he was very sad. So, it is important that we encourage our fellow citizens to invest because we are going to have our financial institutions operating in an orderly manner. This Bill will also enable our financial institutions to adopt international standards.

With those very few remarks, I beg to support.

**Hon. Speaker:** Yes, hon. Isaac Mwaura.

**Hon. Mwaura:** Ahsante sana, mhe. Spika.

Waswahili wanasema “haba na haba hujaza kibaba”. Hii inamaanisha kwamba Wakenya wanapaswa kujinyima ndiyo waweze kuwa na akiba ambayo itawasaidia siku za usoni. Kama walivyosema Wabunge wenzangu, familia nyingi ziliathirika kutokana na wizi wa fedha zilizowekwa katika benki fulani, ambazo hivi sasa hazipo. Moja ya benki hizo, ambayo ilimuathiri mtu mmoja niliyekuwa na uhusiano wa karibu naye, inaitwa Agrarian. Kutokana na mambo kama hayo, watu wengi walipoteza imani kwa benki kwa sababu benki zilionekana kudhibitiwa na watu waliokuwa na ushawishi wa kisiasa na ambao wangeweza kuwatapeli watu wengine na kutokomea mbali. Kwa kweli, baadhi ya wale ambao waliregeshewa hela zao, walitumia ushawishi wa watu waliokuwa na uhusiano wa karibu na wenye benki hizo.

Ukitathmini kulingana na jinsi Serikali yetu ilivyokuwa ikikopa pesa, utaona kwamba kwa kiasi kikubwa, miaka kumi iliyopita, imekuwa ikikopa zaidi kutoka kwa soko la fedha la humu nchini. Kwa hivyo, ni muhimu kuhakikisha kwamba Wakenya wanaendelea kuweka hela zao kwenye benki na mashirika mengine ya kifedha ndiyo Serikali yetu iweze kupata fedha za kufanyia miradi ya maendeleo. Hivi sasa kuna tetesi kwamba zile hela ambazo zinafaa kwenda kwenye serikali za ugatuzi hazitoshi, na inabidi serikali hizo zikope ili ziweze kuwa na miundo msingi thabiti inayoweza kuwaletea Wakenya maendeleo. Kwa kweli, kuna nafasi nzuri iwapo Wakenya wataweza kuwekeza hela zao katika benki na mashirika mengine ya kifedha ili serikali za ugatuzi zipate nafasi ya kupata hela na kujiendeleza. Pia ni jambo la kufurahisha iwapo jambo hili litaweza kupata afueni kutoka kwa Wakenya. Uchina ni nchi ambayo inaweza kukopesha mataifa tofauti hela nyingi sana kwa sababu watu binafsi katika taifa hilo huwekeza pesa zao kwenye benki.

Mhe. Spika, nikiongezea, Mswada huu utahakikisha kwamba Wakenya watakuwa wakipata riba nzuri kutoka kwa mashirika ya kifedha. Mtu akirudishiwa pesa alizowekeza peke yake, ukizingatia kupanda kwa gharama ya maisha baada ya muda fulani, utaona kwamba thamani ya pesa zilizokuwa kwenye benki inapungua. Pia nikiongezea, itakuwa rahisi, iwapo kutakuwa na jambo lolote ambalo litasababisha benki kushindwa kuwaregeshea wawekezaji pesa

zao, kwa Wakenya kupata pesa walizowekeza bila kupitia changamoto nyingi kama tunavyoona masaibu yanayowakumba wazee wetu wakienda kudai malipo yao ya uzeeni.

Kwa hayo machache, ninaunga mkono.

**Hon. Speaker:** Yes, hon. Lelelit Lati.

**Hon. Lati:** Thank you, hon. Speaker. I rise to add my voice in support of this Bill.

Hon. Speaker, one of the pioneer countries in the deposit insurance scheme in the world is the USA. This happened following the great depression of 1933. In that year, so many banks in the USA went under and country's economy was exposed to a great danger. So, the USA legislature passed the Banking Act of 1933 in order to stop bank runs. When the President was pushing for the enactment of that law, he thought that he was solving the problem of bank runs alone. However, insurance of deposits helped, from that day, to secure the economy of the USA. That country's economy became the best economy in the world from that day until today. That tells you how important this Bill is for our country. It is timely that we have it now.

In the USA today, all deposits, up to US\$250,000 are secured. You cannot keep more than US\$250,000 in an account in that country. You have to operate several accounts if you are allowed to keep more than that amount in a bank. This is something that our country requires, particularly now that we are devolving to the counties, where everybody claims to have some power. It is something we should have as we look forward to growing into the global economy. We know what deposits do to countries. They help to redistribute wealth and mobilise resources. For example, if the people in Samburu are not able to deposit as much money as the people in Nairobi, people in Samburu can still borrow from Nairobi and develop the economy of that part of the country.

With those remarks, I beg to support.

**Hon. Speaker:** Yes, hon. Alice Muthoni Wahome.

**Hon. (Ms.) Wahome:** Thank you, hon. Speaker, for giving me the opportunity to support this Bill.

I want to add my voice to those who have said that what happened in this country in the 1990s was an economic depression. In my view, it is very much like what happened in the USA. Currently having about 20 institutions that have gone under, with no prospects of funds being paid back to the depositors, surely, we should look back and see how many businesses went under. People got sick. For sure, the economy of this country was largely affected by the disappearance of depositors' funds largely due to mismanagement. Some of my colleagues have indicated that what actually happened was theft of depositors' money. We know that the directors of the affected institutions were involved in some of the very bad cases where banks collapsed. Attempts to take them through the judicial process were made but very few of the culprits were held liable for criminal offences and even in terms of refunding the money. It is clear that in many cases, there was diverting of funds that were deposited in those institutions by those who were entrusted with the deposits and, therefore, the designers of these amendments bring in very healthy provisions to assist in the regulation and oversight of the institutions that are trusted by very innocent Kenyans who are willing to save and are working very hard. Many times, it is not the big bankers that suffer the losses. It is the ordinary depositor who does not even get the early warning signal that something is going wrong. Therefore, if this Bill will introduce strong provisions for oversight and give penalties where need be, and ensure that the security of deposits and their funds are recoverable---

Hon. Speaker, we note that there are provisions that are being introduced to look into the receivership processes. We know that in this country, once an institution is put under liquidation

processes, other emerging scenarios occur and it now becomes another cash cow for some people. Properties for institutions under receivership are grossly undervalued and even recovering assets to get sufficient funds to repay does not happen. Depositors innocently wait for the sale of some of those assets but what they get are deficits. It is not because the assets are not valuable, but it is because there is collusion and fraud. This continues to happen and we must speak out. We must send out messages even as we hear that there are, at least, 20 institutions that are under the Deposit Protection Fund. What is happening there should be checked properly so that the depositors who have waited for more than 20 years are repaid. Some of them have died. Others have dropped from schools and many families are still waiting for the fund to repay them. We need to ensure that the introduction of this will root out some of those bad practices that continue to take place unabated.

I do not know what happens because even the criminal processes have not been able to assist. These amendments will curb some of these bad practices. If the protection we are seeking to introduce will be enhanced, then we should all support the amendments being proposed by the hon. Member.

I think even the official receiver in this country has done very poorly because some of the institutions that have gone down have been entrusted with that office. We do not even get proper public reports and information is lacking. Most of the institutions are under the watch of the Government Official Receiver. We, therefore, need to stress that the law is actually not sufficient, but those practices must be stopped.

I support this Bill.

**Hon. (Ms.) Nyamunga:** Thank you, hon. Speaker. I rise to add my voice to the many people who have supported the amendment of the Bill. It is very important that if you want to enhance economic growth in our country, then we need to strengthen our financial institutions. It is very important that we make changes in our banking industry or financial institutions that will bring confidence to the people of Kenya. I agree with those who have said that in the 1990s so many banks came down and the main reason was that there was a lot of mismanagement. That removed the confidence that our people had in our banks. I do not think that any country should set itself in a manner to suggest that it is robbing its own people. That is because many people who have bank accounts are purely for small savings. We know that savings mean a lot to most of our people. If you wake up one morning just to read in the newspaper or learn from the radio and television that a bank has been closed, that will be a very big setback to most of our people.

At the grassroots, we encourage our people to get into the culture of saving. If people start saving from that level, the practice will grow nation-wide and this will help us achieve Vision 2030. This is because we will have very strong people who have access to finance and who can do their business without being impeded by lack of finance.

Look at our counties today, there is a lot of emphasis on the issue of 30 per cent procurement for the youth and women. If those people do not have the basic finances and they do not know the art of saving, then it will be very difficult to have growth at the grassroots level. If we have strong financial institutions, that will encourage our people. It will give them a lot of confidence and we will see a lot of growth from the rural to the national level.

I rise to support the amendment of this Bill. It is so timely and very important. We need to be very proactive in the way we do our things. We do not need to wait until the banks are closed and people are running around because their money is lost for us to come up with measures to stop the malpractices in our financial institutions.

I beg to support.

**Hon. Gichigi:** Thank you, hon. Speaker. I rise to support this Bill. First, I am happy that there is an attempt to relieve the Exchequer from the funding of that parastatal. There is an attempt to make sure that, that parastatal that governs the fund becomes independent of Treasury.

Secondly, there is a move towards prompt reimbursement of money to depositors and even, sometimes, advance payment to depositors as they await processing of the claims or sourcing for further funding. This is a trend that can only be said to be useful to the many depositors who, in the past, as has been stated, suffered in the hands of collapsed financial institutions.

However, I do have a small problem and I will propose that the Committee that has brought these amendments looks into it. Clause 10 of the Bill which proposes to amend Section 27 of the principal Act by inserting Subsection (4) is specifically stating that the corporation shall appropriate from future contributions to set off unpaid insured deposits, and may resort to other sources of funding allowed under the Act. My reading of the Memorandum of Objects and Reasons is that the corporation can actually go to contributors instead of demanding for advance payments for a future contribution. That will obviously be wrong. I think the proposed amendments will take care of that situation so that we do not give a parastatal authority to demand payments in advance which is literally borrowing from its contributors.

Hon. Speaker, Sir, I support this Bill.

**Hon. Omulele:** Thank you, hon. Speaker, Sir, for giving me a chance to contribute on these proposed amendments which I support. Any lawyer who has practised in the courts in this country knows that one of the saddest things has been when a person walks into your office and tells you that he had deposited his funds in one of the banks that had unfortunately gone under. You look at the law and try to find a solution for such a person. We know and we have known that the greatest amount that you can recover irrespective of what the deposits are has been Kshs100,000. For this reason, I think this is a timely amendment to the Act that we should all support.

Hon. Speaker, Sir, I would like to support this Bill further because we need to encourage our people to keep money in these institutions. People will only keep their money in these institutions and leave it there if they are sure that they will wake up tomorrow and find it. Even if these institutions collapse, they will have backups through which they will recover some substantial amounts from their investments. Because of these reasons and without belabouring the point, I thank you, hon. Speaker, Sir.

I support these amendments.

**Hon. (Ms.) Mitaru:** Thank you, hon. Speaker, Sir, for giving me this opportunity to contribute to this Bill that needs support. People who suffered most during the 1990s were women groups who would sit together, do their merry-go-rounds and start saving in these institutions that went under with all the savings.

Hon. Speaker, Sir, I support the amendment knowing that Kenyans like saving. The people who suffered most were children and women especially those whose fathers saved money in an institution that went under and did not get any assistance from the Government to get back the money.

I believe that it is good for Parliament to amend this Bill so that we can help the smallest and the poorest of Kenyans who sit together and save money so that they can educate their children in future and they can improve the welfare of their families without fear that they will lose their money.

I also believe that those who lost their money especially the women groups should be compensated because there are some people who collapsed while others got stroke. I know several people who got very depressed because they lost everything they had. So, this is the best Bill and I support it.

Thank you, hon. Speaker, Sir.

**Hon. (Ms.) Amolo:** Thank you, hon. Speaker, Sir, for giving me this opportunity to support the amendment of this Bill. It has actually come at the right time now that we are moving all over the country encouraging the youth, women and the society to form groups, have their certificates and open bank accounts. They will be more than happy to know that even as they open these bank accounts, the money they will get once it is deposited will be in good hands.

The country wants to promote entrepreneurship culture. You will agree with me that any entrepreneur wants to know where he or she will deposit his or her money on a daily basis and not keep it under his or her bed. Entrepreneurs want to have access to banks every day where they can deposit their money and are sure that they will get it in good time any time they need it.

Most of us know that banks give loans depending on how we deposit money in them; that is the day today operation. So, it is important that we get our money which we have deposited in banks when we need it to do our business. If this is done, it will help build the economy of our country, Kenya.

The other thing that makes me support this Bill is that we have many casual workers in this country and we are encouraging them even if they get Kshs2,000 or Kshs3,000 per month, let it be paid through the bank so that they do not withdraw all of it when they want to withdraw it. At least, this is a way of promoting a saving culture in Kenya.

Hon. Speaker, Sir, with those remarks, I would like to support the amendments proposed in this Bill because I know that will improve the economy of this country and the living standards of women and the youth.

**Hon. (Ms.) Gathecha:** Thank you, hon. Speaker, Sir. I rise to support this Bill. If you look at the rich financial institutions within this country, you will find that the penetration level is very low.

This Bill will not only increase the confidence of depositors that their funds will be secure, but it will also encourage a saving culture which will be beneficial to this country and the whole financial system.

Hon. Speaker, Sir, we also want to make Kenya the financial hub within East Africa. Currently, it is only Dubai that is a major financial sector.

I would like Kenya to become a deposit and financial sector within East Africa. This will mean that we will not only get business from South Africa but that Kenya will become the financial sector hub which will mean that the economy of this country will register a double-digit growth.

This Bill will secure financial institutions in this country considering the number of such institutions that have collapsed in the past. The Bills that we have passed including the one that we debated yesterday in relation to strengthening micro finance and deposit agencies also helps to support the banking system. This means that we will not only have a saving culture in Kenya but also the banking system will be entrenched and will reach every single corner of this country. Therefore, access to loans and financial information in this country will be expanded. This will enable small *chamas* for women and SACCOs that wish to get together as groups and save money or even become deposit-taking institutions. This will mean that Kenya will not be

begging the International Monetary Fund (IMF) and other financial institutions for loans because we would have a financial base within this country.

Hon. Speaker, Sir, with those remarks, I support this Bill.

**Hon. Speaker:** Hon. Lisamula Anami Silverse.

**Hon. Anami:** Thank you, hon. Speaker. I rise to support the amendments on this Bill. Our new Constitution has offered the Kenyan citizenry interesting dimensions. You will find that because of the atmosphere that has been created, we have many new financial institutions that have been established across the country. These new institutions are supported by technologies that guarantee securities of their performance and indeed their overall delivery on their functions.

*[Hon. Speaker left the Chair]*

*[The Temporary Deputy Speaker  
(Hon. (Ms.) Mbalu) took the Chair]*

Hon. Temporary Deputy Speaker, it is therefore necessary that the regulations for management of these institutions be strengthened and this amendment comes in handy just to provide that aspect. While strengthening the regulations, it is important that the citizenry is educated and sensitised on the new developments because out there we have citizens who are afraid of managing their resources. So, they end up with mismanagement of their spending habits. So, it is important that we have a component in the management of these amendments and regulations to develop programmes that will build capacity amongst the citizens for them to be able to use the instruments that have been put in place that will support their entrepreneurial endeavours. Such programmes can also be carried out in schools and tertiary institutions because it is a worrying situation that Kenyans are not very much involved in management of their securities.

Hon. Temporary Deputy Speaker, I would like to support these amendments and also suggest that we move with speed to have other amendments for other instruments that should comply with the Constitution. Our new Constitution has a lot of bearing on our day-to-day businesses. So, it will be important that we do not just stop here but we expedite development of amendments in other Bills that are related to the economic development of this country. The situation of fraud and corruption in this country cannot be wished away as it has been responsible for our undoing. So, I wish to propose that as we expedite the implementation of these amendments, we should also expedite introduction of amendments in other instruments to rid this society of corrupt practices like fraud and educate our people on the opportunities that are available in our new dispensation.

Hon. Temporary Deputy Speaker, I wish to support this amendment. Thanks.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Rop.

**Hon. Rop:** Thank you very much, hon. Temporary Deputy Speaker. I rise to support the Kenya Deposit Insurance (Amendment) Bill. The essence of this Bill is to promote the depositors in our financial institutions. We want to create financial discipline in terms of proper management of our institutions so that our depositors can be guaranteed their monies whenever they require them. People will always take loans and without this insurance, whenever the depositors want to access their deposits they will be having problems, if they are not really protected. So, I want to support this Bill and say this will go a long way in encouraging a saving culture in this country.

Hon. Temporary Deputy Speaker, if we do not save we cannot invest. We want to encourage the small businesspeople, that is the *mama mbogas* and the youth to deposit money that they realise out of their small businesses into this financial institution and as a result of that they can go for loans so that they can expand their businesses. In the long run, they will also do a lot of major investments.

So, hon. Temporary Deputy Speaker, I believe that if we pass this Bill there will be a lot of financial discipline in this country. There will also be a lot of efficiency in terms of service delivery by financial institutions. Creditors will also be protected.

Hon. Temporary Deputy Speaker, I support this Bill. Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Ferdinand Kevin Wanyonyi.

**Hon. F.K. Wanyonyi:** Hon. Temporary Deputy Speaker, I rise to support the amendment because looking at the presentation by hon. Langat, I was a victim sometimes back. Just after finishing university, I put my money and lost it in the Rural Credit and Urban Finance Bank.

*(Laughter)*

That is why Members are laughing. In fact, if you remember that was a political bank.

Hon. Temporary Deputy Speaker, given that background, I think this amendment that has come is good because from what I can see from it, it is strengthening regulation and, of course, the depositors will not be asked to pay for whatever has been lost. Those creditors that have actually had opportunity to lend money or whatever to the insurance will no longer have to worry. So, I think this amendment, to me, is good. I want to praise the Mover of this amendment for the protection of the depositors and creditors.

What is also interesting is that those that need to be reimbursed, from this amendment, it will be done without having to go to the depositors or the shareholders. It will be done promptly because they have money to protect their own insurance or whatever that you have put there as deposit. So, all I am saying is that given the background and this amendment, I urge the House to support it because even if you have the receivership--- I remember and with a caution, we have had receiverships in some of the institutions who instead of staying for six months or one year as proclaimed, stay for more than three, four to five years to enrich themselves. However, given this regulation I think those who will be appointed as receiver managers will be able to do the work as required within the specified period. I think this is a worthwhile amendment and I support it. Thank you.

**Hon. Kasuti:** Thank you, hon. Temporary Deputy Speaker. I would like to support the amendment which I think is long overdue.

I worked in financial institutions in the past when there was no deposit protection and many such institutions went under and many people lost their money. As such, many Kenyans were disadvantaged and a lot of them shied away from doing any meaningful savings. But now, with the introduction of the protection fund at the Central Bank of Kenya, Kenyans had confidence in banks and they went back to savings with the banks.

With the amendment on the Bill on deposit insurance, it is going to strengthen the confidence in Kenyans who did not have confidence in insurance companies. As such, they will start doing meaningful business with insurance companies which has been lacking. Indeed, with the amendment and introduction of deposit protection, people are now going to save money. The country will be able to raise the required funds for investments instead of getting it from

elsewhere. As such, I would like to support the Bill which has come in at the right time in this country.

Therefore, with those remarks, I would like to support the amendment on the Bill.

**Hon. (Ms.) A.W. Ng'ang'a:** Thank you very much, Madam Temporary Deputy Speaker. I would like to say that this Amendment Bill has come at the right time because there before most financial institutions were either acquired or merged. In the process the public suffered a lot because they did not know when financial institutions were merged or acquired. This amendment Bill is timely. At least, customers and the public are aware that their money is safe and that they are in good hands. Whether the institution merges or is acquired, it moves with them. Their interest is considered and taken care of, unlike before when there was a bank called Charter Bank which all of a sudden closed down. Most of the customers suffered a lot because they did not know who to ask or where to go to. The doors of the banks were already closed and they did not know who to turn to. Their money got lost as the bank went down. But right now, with this amendment, we are aware of the fact that it cannot happen because they are already insured.

Hon. Temporary Deputy Speaker, with this amendment Bill, if the bank will go under liquidation, the public will be notified. The depositors will be made aware that the bank is going under liquidation and they can use the liquidation strategy, where all customers; whether creditors or depositors, are taken care of. So, with this, it will be very good to know that customers and the public are comfortable whenever their hard-earned monies are at risk due to liquidation. They will be sure that when they take their money to the banks, it will be taken care of and that they are well safeguarded. Their monies cannot get lost as easily as it used to be there before. So, they will work hard to take more deposits to the bank.

Hon. Temporary Deputy Speaker, the customers will also be aware that with the liquidation taking place, if they are not notified, they can claim their money. They can ask for what belongs to them and they can take a legal process to claim money.

Therefore, I wish to support this Bill and say that it is a good thing for Kenyans to know that their deposits will be well taken care of.

Thank you very much.

**Hon. Njenga:** Thank you, hon. Temporary Deputy Speaker. Majority of Kenyans earn and save very little which accumulates to Kshs100,000 and sometimes below. The deposit protection fund bond actually gives people security for their money. It reduces the risks and encourages investments and savings in our country.

The other thing which I would like to support this Bill on is based on the fact that we have to get to the culture of savings in order to get out of the vicious circle of poverty. We need to encourage savings and to safeguard the said savings. Savings go a long way to promote investments which increases production and productivity, which again goes back to savings. By so doing, the economic standards of our people rises or is improved. So, by putting up a strategy and amending this Bill to bring in more safety to the depositors' money, we will bring into Kenya the culture of wanting to get out of that vicious circle of poverty.

Hon. Temporary Deputy Speaker, this amendment also brings into consideration regional financial growth. You can see our banks have gone all the way to South Sudan and other parts of this region; they are in Uganda, Rwanda and Burundi. At least, this amendment which is emphasized in Section 20 will make people from other countries save in Kenya or feel comfortable saving in banks that are outside our boundaries.

We also have checks and balances in the board of the institution. So, this gives adequate independence to the board. Checks and balances have been missing and now the investors'

confidence will be raised. The size of the fund is determined by international standards. This amendment brings what the board can revise and upgrade so that we can be compliant with international standards. This way, even the strong currency savers can come and invest in our country.

Hon. Temporary Deputy Speaker, I like the clarity given in this Bill. Once Parliament appropriates money to this fund, it cannot go to the expenses. That actually will enhance growth of this fund and be able to gauge any risk that might come in future. Then the timeliness of settlement of deposits is given to be within 30 days. That is a short period that shall now break the chain of investments and savings. Once the amendments are made, the fund will shield people from incurring huge legal costs as the law will give what is within the payment net and what is outside the payment net. Having worked for Ernst & Young, and having been appointed a liquidator through the Deposits Protection Fund Board, I can say that this is actually a timely amendment. It should even have been done earlier but finally having come to the House, it should be supported.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Yes, hon. Mary Emaase Otucho.

**Hon. (Ms.) Otucho:** Thank you, hon. Temporary Deputy Speaker. I rise to add my voice to the debate on the Deposits Insurance Bill.

This Bill is very timely. Just as my colleagues have mentioned, many Kenyans lost their money in the past due to lack of proper control mechanisms and weak administrative structures in our financial institutions. The businesses of some people even went under because they lost all their money in the financial institutions that went under.

So, I support this Bill because it seeks to strengthen the regulatory framework that is in place. Once this Bill is enacted into law, members of the public will have confidence in saving their monies in banks. Even as we go out there and talk to women and youth to encourage them to involve themselves in wealth generating activities, and borrow money from *Uwezo* Fund and the Women Enterprise Development Fund (WEDF), they will have confidence in our institutions. They will know that their money will be secure.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Ms.) Mbalu): Yes, hon. James Nyikal.

**Hon. (Dr.) Nyikal:** Thank you, hon. Temporary Deputy Speaker, for giving me the opportunity to contribute to the debate on this Bill in a rather quiet and conducive environment, devoid of our partisan noise that sometimes makes it impossible to look at your friend's face and know whether he is the same person you were taking tea with a few minutes earlier.

Hon. Temporary Deputy Speaker, Kenya is at a cross-road. As a nation, we are at the verge of taking off in money economy and entrepreneurship. For the last 30 years or so, many Kenyans in the rural areas have not been in the money economy but we know that many of them have now realised that it is time to take up entrepreneurship and move away from peasantry. For the last few years, our Government has realised this and has put in place several funds, including the Youth Enterprise Development Fund (YEDP), the WEDP, the Small and Medium Enterprises programmes (SMEs) and currently, *Uwezo* Fund. This is very good. We cannot hope that all the monies that people can borrow and start business with will come from the Exchequer. Saving must be the basis of economic growth. Adequate savings will definitely spur economic growth by encouraging and facilitating entrepreneurs to access funds and start businesses, which will help to reduce unemployment in our country.

Again, we need the savings so that our youth and women can have a place from which to borrow so that they can get into the money economy as they wish to do. I am not an economist but I believe that if there are adequate savings in the country, from which people can borrow, the bank interest rates will go down. Maybe, hon. Langat will take me through some lessons because I have never understood why the bank interests in this country are so high. I read that in some countries, when the interest rates get to 6 per cent, it becomes a national issue, and it is discussed. In this country, we are talking of bank interest rates of between 15 and 20 per cent. Why is it so? At the same time, we know that some of the international banks actually have made their biggest profits from countries like ours. I am, therefore, driven to believe that we are being exploited. The only way to respond to that exploitation is to have our own savings locally.

Countries like Japan have grown economically because people there have great saving habits. In fact, if you read the history of their growth, you will appreciate that they started with individual savings. The merry-go-round or table banking that Kenyan women indulge themselves in shows that they would wish to have local savings that they can use to do the businesses they would like to get involved in. What people really need are mechanisms that will ensure that however little your saving is, you have a safe place where you can put it. Somebody with a small saving suffers much greater pain when it is lost than huge multinationals because the latter have ways of edging out such losses. Therefore, I support the Bill because it provides for such mechanisms. People will be sure that they will get the little monies they will be saving when they need it and that should there be a problem, they will be compensated promptly. Therefore, we cannot afford not to have a mechanism like that proposed in this Bill.

Hon. Temporary Deputy Speaker, I would also like to support this Bill because in a country like ours, where corruption is a big problem, we need safety mechanisms. As I always say, corruption is an area we need to look into. Even if we have anti-corruption laws and mechanisms like the one proposed in this Bill, they will still not work if the ethos in the country is that of corruption. Laws are made by man. If we do not have the heart to protect them, and if we believe in corruption, they cannot work. All the same, this is a good Bill whose passage will protect our people. As I said, somebody has to make me understand why the bank interest rates in this country are so high. Maybe, we have to re-look at the Donde Bill. I followed the Donde Bill debate. With my little economic background, I am convinced that the Donde Bill was sabotaged by people who want to keep us in perpetual poverty. Therefore, as we get this Bill through, let us look at the interest rates in this country.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Ms.) Mbalu): Hon. Julius Kibiwot Melly.

**Hon. Melly:** Hon. Temporary Deputy Speaker, I rise to support the Bill. This is a Bill we have been waiting for all this time in order to manage our financial sector.

The Deposits Insurance Bill seeks to protect depositors' money. We are in a country where depositors have lost a lot of money to unscrupulous individuals, especially through banks that were intentionally made to collapse. The law proposed through this Bill will be the best law to deal with such kind of thing; especially in cases where we have financial institutions that collapse and an individual's lifetime savings are lost. The intention of this Bill is to ensure that there is a safety net that promotes financial stability in the country. As a nation, we know that we are still a young and growing financial centre in this particular region of the world.

Developed nations like the USA and European countries have large insurance protection agencies that ensure that their financial systems are well protected. Once enacted into law, the amendments will also cushion financial institutions from going under because the law will

ensure that there is a surveillance system that will enable the relevant authorities to identify institutions that are risky, and which are likely to go under and take corrective measures. The law that will emanate from this Bill should also be able to assist in the recovery of depositors' money.

We also have, as part of this Bill, mechanisms to assist in the recovery of depositors' money. We have cases where depositors have lost money, but this Bill will assist us in the sense that it will ensure that depositors do not lose what they have.

The other reason why I support this Bill is that it will strengthen regulation in the financial sector. It will also ensure that companies that are currently on receivership--- Where I come from there are companies that have remained under receivership for more than six years. Instead of ensuring that these companies recover, some individuals use this time to do business. All this time the farmers' interests in those companies are not taken care of.

This is an important Bill because it will ensure that all financial institutions in this country do not actually take deposits from people and they are not accounted for.

With those remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. (Ms). Mbalu): Hon. Members, I have exhausted my requests from the Members for contribution. I now call upon the Mover, the Chairman of the Departmental Committee on Finance, Planning and Trade, to respond. Ideally, I would have wanted you to respond tomorrow, 19<sup>th</sup> Thursday 2013 because we will not be able to put the Question today; but if you are ready you can respond today.

**Hon. Langat:** Thank you, Madam Temporary Deputy Speaker. I do not want to spend much time on responding because from the mood of the House, I have concluded that hon. Members have been very supportive of this Bill. I want to thank the hon. Members who have done their very best to read the Bill and contribute to this debate.

I know many more hon. Members would have wanted to contribute to this Bill only that some of them are not in the House. We have so many things ahead of us, especially as a Committee; that is why I am happy that the debate has ended.

With regard to the comments made by hon. Gichigi, I do not know whether he is still in the House. He had concern about one clause. I want to promise him that my Committee will look at it and if there are serious concerns, we will bring the necessary amendments at the Committee stage.

To my friend, hon. Nyikal who does not understand why the interest rates are 18 per cent plus, I want to tell him that he could find time so that we discuss this matter. Dr. Nyikal, you are a Member of Parliament and you can also come up with a Bill. You are at liberty to introduce a Bill so that we look at the matter of interest rates in this country. I quite agree with your sentiments. This is because in other countries they talk about two per cent or three per cent while in Kenya we are talking about--- In fact, if you determine the overall rates in terms of the other charges, you will realize that Kenyans are paying around 30 per cent, which is really punitive. So, I quite agree on your sentiments on interest rates.

There is something I want to mention. If you look at the House now you will realize that there is no quorum. I am not reporting it, but I am only saying that the only unfortunate thing that we have---

Hon. Members, we need to be very serious with legislative business. The only serious business that you have in this House is legislation; this is what affects the people who elected you. When you are not present when we are passing a law, it really disturbs me. This issue has really disturbed me for the past one week, as the Chairman of this Committee. When I hear

people accuse others for passing a law yet they are Members of the same House I know that they were not in the House.

Sometimes when we are passing an important law, people run out of the House. I really do not know where they go. We need to take the business of this House seriously. I am not accusing anybody of anything, but I am just saying that we should learn to be present in the House. Let us take the business of the House seriously. Some of the things we are passing here are very serious, and once we have passed them they become law.

**Hon. F.K. Wanyonyi:** Hon. Temporary Deputy Speaker, I would like to clarify an issue. With regard to what the hon. Member is referring to concerning people having to pass Motions and Bills, we are simply saying that sometimes this House has passed Motions---

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Wanyonyi, is that a point of order or a point of information?

**Hon. F.K. Wanyonyi:** I want to clarify and offer information.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Langat, are you willing to be informed?

**Hon. Langat:** Yes.

**Hon. F.K. Wanyonyi:** I want to inform the hon. Member we pass Bills here and then later we realize that we have made a mistake. There is nothing wrong with this House coming back and rectifying mistakes. For hon. Langat to say that he regrets--- The only thing over which I agree with him is that the leadership of this House should be here when we have good Bills such as the one we are debating this afternoon. I expected the Leader of the Majority Party and the Leader of the Minority Party to be present. It is true that we pass Bills, but later on we realize that there were mistakes. It is the duty of the House to rectify such mistakes.

**Hon. Langat:** Thank you, hon. F.K.Wanyonyi for that information. I want to thank all of those who contributed to this amendment Bill. Tomorrow, we will be dealing with the Finance Bill. I am inviting hon. Members---

**An hon. Member:** You are anticipating debate!

**Hon. Langat:** Protect me, hon. Temporary Deputy Speaker from my neighbour here.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Member, please, observe the rules of the House. You are, indeed, protected hon. Langat. Proceed.

**Hon. Langat:** Thank you. I am not really anticipating debate. Even the Leader of the Majority Party normally comes up with a programme of items. I am just telling Members that tomorrow the Finance Bill will come. Please, let all Members be present and be prepared to discuss the Bill. My Committee will look at the concerns that have been raised and then we will amend it where necessary.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Members, we are not able to put the Question on the Bill today. I, therefore, direct that the Question on the Bill will be put tomorrow, 19<sup>th</sup> September 2013.

*(Putting of the Question deferred)*

Next Order.

THE INSURANCE (AMENDMENT) BILL

**Hon. Langat:** Hon. Temporary Deputy Speaker, I seek your indulgence that we defer debate on this Bill until another date. I am not ready to move the Bill today because I have had a very busy schedule with the Bills which fall under my Committee. One of them has a fixed

deadline which is next week. So, I have been working overnight to ensure that we pass the one with the timeline. I seek your indulgence that we defer the Bill until future dates.

Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Members, the Chair of the Departmental Committee on Finance, Planning and Trade is not able to move this Bill because of the reasons that he has given. Therefore, the Bill is deferred.

*(Bill deferred)*

### **ADJOURNMENT**

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Members, that concludes the business on the Order Paper. Therefore, the House stands adjourned until tomorrow, 19<sup>th</sup> September 2013 at 2.30 p.m.

The House rose at 5.15 p.m.