

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 9th October 2013

The House met at 2.30 p.m.

[Hon. Deputy Speaker (Dr. Laboso) in the Chair]

PRAYERS

PAPER LAID

The following Paper was laid on the Table: -

The Report of the Departmental Committee on Finance, Planning and Trade on the Tax Appeals Tribunal Bill, 2013.

(By hon. Langat)

Hon. Deputy Speaker: I see no other report. Let us move to the next Order.

((Hon. Kaluma stood up in his place))

Hon. Kaluma, I can see you standing, but I am not seeing you requesting to speak. Have you logged in?

NOTICE OF MOTION

RECRUITMENT OF MEMBERS OF ARMED FORCES/NPS
AT CONSTITUENCY LEVEL

Hon. Kaluma: Hon. Deputy Speaker, I beg to give notice of the following Motion: -

THAT, aware that Article 241 of the Constitution of Kenya, 2010, establishes the Kenya Defence Forces and requires the composition of the command of the Defence Forces to reflect regional and ethnic diversity of the people of Kenya; further aware that Article 246(4) stipulates that the composition of the National Police Service shall reflect the regional and ethnic diversity of the people of Kenya; deeply concerned that the foregoing constitutional requirements cannot be attained unless the process of recruitment of the members of the Forces is undertaken fairly across the country; and considering that the constituency provides the best level of representation, anchoring the diversity of the nation, this House resolves and directs that the Government undertakes recruitment of

members of the armed forces and the National Police Service at the constituency level.

REQUESTS FOR STATEMENTS

STATUS OF REFUGEE CAMPS IN THE COUNTRY

Hon. Wekesa: Hon. Deputy Speaker, pursuant to Standing Order No.44(2)(c), I hereby request a Statement from the Chairperson of the Departmental Committee on Administration and National Security concerning the status of refugee camps in the country. Kenya has seen a huge influx of refugees over the recent years as a result of instability in the neighbouring states. This open-door policy of allowing free flow of refugees into the country has exposed the country to security threats from terrorist groups such as *Al Shabaab*, more specifically the Dadaab Camp in Wajir County, which hosts refugees mainly from Somalia. It is said to be used as a training ground and recruiting base for the terrorists.

The Chairperson should inquire into and report on: -

- (i) the exact number of refugees in Kenya, stating their nationalities;
- (ii) the names and locations of all the camps in the country; and,
- (iii) when the camps will be closed, especially the two main ones namely, Dadaab and Kakuma.

Hon. Deputy Speaker: Is hon. Kamama or hon. Lentoimaga in the House?

Hon. Lentoimaga: Hon. Deputy Speaker, that is a very serious concern by the Member, and I would like to report to the Chairman and the Committee. We can bring the information in two weeks' time.

Hon. Deputy Speaker: Two weeks' time, that is from the Vice-Chair.

APPOINTMENT OF MR. KINYUA AS CHIEF OF STAFF AND HEAD OF PUBLIC SERVICE

Hon. Ng'ongo: Thank you, hon. Deputy Speaker. I rise to seek a Statement from the Leader of Majority Party. Pursuant to the Standing Order No.44(2)(c), I wish to request a Statement from the Leader of Majority Party regarding the appointment by the President of Mr. Joseph Kinyua to the Office of Chief of Staff and Head of Public Service. In his Statement, the Leader of Majority Party should inquire into and report on:

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- (i) whether the position of the Chief of Staff and Head of Public Service as a position in the Public Service is a State office or is an office falling under the category of personal staff of the President under Article 234(4) of the Constitution;

- (ii) if it is a position in the Public Service, indicate or demonstrate to this House whether the appointment was done through a competitive recruitment process in line with Article 232(1)(g) and (i) of the Constitution.

- (iii) explain to us the functions of the Office of the Chief of Staff and Head of Public Service clearly defining the role of this office in Cabinet Affairs and the overlap between the office and that of the Secretary to the Cabinet appointed under Article 154 of the Constitution.

Hon. Deputy Speaker, the Leader of Majority Party should also explain to this House, or report to this House, whether the Chief of Staff and Head of Public Service will be attending Cabinet meetings or has been attending Cabinet meetings, and if so under what legal provisions of the Constitution or any other legislation that is in place.

As I finish, I also want to add that I have nothing personal against Mr. Joseph Kinyua as an individual. I have actually worked very closely with him when I was serving in the Budget and Appropriations Committee in the 10th Parliament, and when I got an opportunity towards the end of the term of that Parliament to serve as an able Assistant Minister in the Office of the Prime Minister, which was co-ordinating and supervising Ministries, including Mr. Joseph Kinyua's Ministry.

(Laughter)

Yes, you may doubt that but that was my work.

I just want to conclude by saying that what we want to do is to set a precedent where such senior positions get vetted and approved by this House. This should be done as per the law.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Thank you, hon. Mbadi. Yes, the Majority Leader.

Hon. A.B. Duale: Hon. Deputy Speaker, my good friend also supervised the audit report of 2011/2012, which was tabled yesterday.

(Laughter)

Hon. Ng'ongo: On a point of order, hon. Deputy Speaker. I just want to confirm to the Leader of Majority Party that, indeed, we supervised that financial year. That is why it is much better than those of previous years. If he is in doubt, let him look at that report and compare it with any other previous report. He will see that there is a very big difference.

Hon. Deputy Speaker: Majority Leader, do not provoke hon. Mbadi.

Hon. A.B. Duale: Hon. Deputy Speaker, with a light touch, he supervised both the liabilities and the assets in that report.

I will give a response on Thursday, next week. I will not touch on the personal relationship between the hon. Member and Mr. Joseph Kinyua, but I will touch on the other issues that he has raised.

REPAIR OF JOMVU - MIKANJUNI ROAD

Hon. Bady: Thank you, hon. Deputy Speaker. Pursuant to Standing Order No.44(2)(c), I wish to request a Statement from the Chairperson of the Departmental Committee on Transport, Public Works and Housing regarding the 500-metre Jomvu-Mikanjuni Road, which has not been repaired for the last four-and-a-half years.

The contract for this road has been awarded to one Blue Chip Ltd. at a cost of Kshs12 million but no work has been done yet. Seven warnings had earlier been issued to the contractor, seeking contractual compliance on his part but there has been no meaningful effort towards completion of work under the contract.

The Kenya Urban Roads Authority (KURA) normally erects sign posts showing the commencement of work and then removes them at the end of the completion date that is indicated without any work being done. I have proof and the status report to show that.

Hon. Deputy Speaker, in his Statement, the Chairperson should inquire and report the steps being taken by the Ministry of Transport and Infrastructure to resolve this situation and have the road repaired for the people of Jomvu Constituency.

Thank you, hon. Deputy Speaker.

STATEMENT

INCREASE IN ELECTRICITY CONNECTIVITY FEES

Hon. (Eng.) Gumbo: Thank you, hon. Deputy Speaker. In consultation with the Chair, Departmental Committee on Energy, Communications and Information and in the spirit of working together, I have a response to the Statement request, which was made by the Member for Nairobi County, hon. Rachael Shebesh.

In the Statement, she had wanted a clarification from the Government on whether it had lifted or maintained its suspension of the increased connection cost for domestic electrical power. She also wanted the Government to clearly state the connection fees payable by customers to the Kenya Power Company for connection to the national grid.

This is the answer we received from the Cabinet Secretary after direct engagement.

Hon. Rachael Shebesh, M.P., Nairobi County, requested a Statement regarding the increase in electricity connection fees from Kshs35,000 to Kshs70,000. The Committee summoned the Cabinet Secretary and the Principal Secretary in charge of Energy and Petroleum on 9th October, 2013 to deliberate on the Statement request by the Member for Nairobi County.

She requested the Committee on Energy, Communication and Information to do the following: clarify whether the Government had lifted or maintained its suspension of increased connection fees. The Committee established that since 2004 to January, 2013, the KPC had retained the cost of connecting consumers to the grid at Kshs34,980 for single phase supply and Kshs49,080 for three phase connection. These figures were VAT inclusive and the deposit for the customer's account.

In January, 2013, the KPC sought to revise upwards the cost of new connections to reflect the increased cost of the materials used for connecting new customers, transport and labour over 10 years.

The Government, however, opted to provide support to the KPC in maintaining the connectivity cost at the old rate of Kshs34,980 for single phase and Kshs49,080 for three phase. This is the applicable rate to date.

On the second issue on clearly stating the connection fees payable by customers to KPC, as I have said earlier on, the Committee established that the cost payable to the KPC is currently Kshs34,980 for single phase and Kshs49,080 for three phase. That remains the position to date.

In conclusion, it was reported to the Committee that the KPC has stated that this increase was due to the need to meet the cost of connection as it had become unsustainable under the earlier fee. However, the Government barred the KPC from

increasing these fees until the Energy Regulatory Commission completed its three months study, beginning March, to ascertain the real cost of connection.

I beg to table this report.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Okay, hon. Wanjohi, do you have a supplementary issue to raise?

Hon. (Ms.) Shebesh: Thank you, hon. Deputy Speaker. I do not have my card. I thank the Committee very much for the response to this pertinent issue for which I got---

Hon. Deputy Speaker: There is a point of order by Benjamin Langat.

Hon. Langat: Hon. Deputy Speaker, last week the Chair ruled that if you do not have your card, you should pay Kshs2,000. I do not know whether hon. Shebesh has paid the Kshs2,000.

Hon. Deputy Speaker: Yes. I clearly believe that every hon. member should be aware that if you lose your card, we have a bunch of cards ready. We are waiting for Kshs2,000 to be paid, so that you are given another card. That is the new rule which became effective from last week. So, hon. Members we have got a good business going on, if you want us to have that business. But if you want us not to have the business, please, keep your cards.

Hon. Shebesh, you can continue now because you have started. I do not know whether you are aware of the rule.

Hon. (Ms.) Shebesh: I am aware of the rule hon. Deputy Speaker. I have actually found it. I had just misplaced it because I had sat somewhere else. I will continue.

Hon. Deputy Speaker: Just continue, because you had started using hon. Wanjohi's card.

Hon. (Ms.) Shebesh: Hon. Deputy Speaker, this issue about connectivity was raised with me.

Hon. Deputy Speaker: Hon. Shebesh, I hope you are also aware that it is that same card, when you log in, that will determine or indicate that you are in. It is also a form of registration that shows your presence in the House. No more signing at the back there. It is in your best interest to make sure that you log in because that is the only way you will register.

Hon. (Ms.) Shebesh: Hon. Deputy Speaker, would you like me to login, so that I can continue?

Hon. Deputy Speaker: Yes, you better log in instead of continuing with hon. Wanjohi's card.

Hon. (Ms.) Shebesh: Hon. Deputy Speaker, thank you very much for insisting that we follow the rules of this House.

I was saying that this issue was raised through a text message by one of my relatives who came from Khwisero. You know very well that it is very difficult to have connectivity done; I thank the Committee.

From the Committee's response, I can see that it is the Government which refused to have this immediate increase. My clarification will be, before the Government intervened, members of the public had already started paying the connectivity fee of Kshs70,000. I would like the Committee to be clear and categorical about this. Those who had paid Kshs70,000; that is before the Government reversed that requirement, will they be refunded their money?

Hon. Deputy Speaker: Does the Committee have an answer to that question?

Hon. (Eng) Gumbo: Hon. Deputy Speaker that issue came up in our discussion with the Cabinet Secretary yesterday. I want to inform the hon. Member that we had actually engaged the KPC directly, because we are also concerned that those who had paid that higher fee should get a rebate. But they told us that, unfortunately, that was a direct cost for providing the service. Since they did not get a rebate from the Government, those who had paid before the reversal will not get a rebate.

That is the position as it is.

Hon. Deputy Speaker: Okay. Hon. Murungi, is it a supplementary question or we are moving on to the next Order? You have a supplementary question to ask?

Hon. Murungi: A clarification, hon. Deputy Speaker.

Hon. Deputy Speaker: Okay, go ahead.

Hon. Murungi: Thank you hon. Deputy Speaker. Hon. (Eng.) Gumbo, would you kindly tell the House whether these payments are temporary measure? Is Kshs35,000 permanent rate or a temporary rate?

Hon. (Eng) Gumbo: Thank you, hon. Deputy Speaker. I thank hon. Murungi for the question. If the Chair heard what I said, this was meant to give Electricity Regulatory Commission (ERC) three months to do a study, so that we can establish the actual optimal cost of connection. But as a Committee, we were actually very innovative in this matter. We believe that the best way forward is actually to do away with the connection fee all together. This will make it easier to recover it gradually in the bills to allow more Kenyans to have connections.

But from the Cabinet Secretary, we were informed that they have sought credit from the World Bank and they are hoping that in the immediate future, we are going to maintain that. But as a Committee, our view is that, ultimately, the connection fee will be done away with all together. This way, we will allow more Kenyans to be connected, and the amount recovered gradually through billing over two or three years.

Hon. Deputy Speaker, as you may know, for most people in the rural areas, Kshs34,000 is too much and it is barring people--- We understand that Kenya Power is in the business of making money through their monthly bills. So, it is really their interest. We are looking at it together with them, so that we gradually write off the cost of connection over period through payment of the bills.

Thank you.

Hon. Deputy Speaker: Hon. Clement Wambugu, is it a further clarification?

Hon. Wambugu: Thank you, hon. Deputy Speaker. First, I would like to thank the Committee for that good response. It is a bit worrying, even when Kenya Power says that it is going to maintain the connection fee at Kshs34,000---

Hon. Deputy Speaker, I have very many schools in my constituency where we had applied for electricity about a year ago. All those schools are being served by the Nyeri Office; up to now they have never been connected, yet we have paid even the minimum that is required of Kshs35,000. Why does the Kenya Power, especially the Nyeri Office, take that long to connect, especially the schools and even other members of the public who require electricity in Mathiyoia area?

Thank you.

Hon. (Eng) Gumbo: Hon. Deputy Speaker, we engaged the Cabinet Secretary in this matter. You do realize for the laptop per child project to become a reality, electricity

has to be as near as possible to schools. One of the areas that they are looking at is Kenya Power and Rural Electrification Authority (REA) working together, so that almost all public institutions are within 600 meters radius. That is the minimum distance required to take power to public institutions. So, it is underway and we have been assured by the Cabinet Secretary that they are working on it. It is unfortunate for hon. Wambugu that it is not happening right now, but from the assurance that we have got from the Cabinet Secretary, it is something that they have in plan to take the grid to as near as possible to all public institutions, so that all of them are connected. It is a way also of reducing the connection; it is a way of providing accessibility to power for all the consumers who need it

Hon. Deputy Speaker: I think that dispenses with that. Moses Lessonet, what is not in order? I can see you are on intervention.

Hon. Lessonet: Thank you, hon. Deputy Speaker. I also have a supplementary question for the---

Hon. Deputy Speaker: This is not Question Time. Remember we dispensed with Question Time. It is either a further clarification or something else.

Hon. Lessonet: Yes, hon. Deputy Speaker. It is a clarification from the Committee. The Committee Member has told us the amount to be paid, but I want him to go further and tell us how many years it will take for somebody to get connected. This is because in Eldama Ravine I paid through Constituencies Development Fund for 40 primary schools. That was in June last year and to date only fewer than 10 schools have been connected. How many more years are these primary schools going to wait for this power connection?

Hon. (Eng.) Gumbo: Hon. Deputy Speaker, I am not the Cabinet Secretary and I would not want to say how many years. As I explained in the answer I gave to hon. Wambugu, the Government already has a plan, through REA, working together with Kenya Power, to bring the supply to as near as possible. Certainly, the power should be within 600 meters of public institutions. I believe once this is done, it will facilitate connection, so that delays like what has been reported by hon. Lessonet will not happen.

We are going to take up the matter with the Cabinet Secretary, so that we can come and get the answer directly from him at our next meeting when we call him to the Committee.

Hon. Deputy Speaker: Okay. Just make sure you inform him when you have your next meeting.

Hon. (Eng.) Gumbo: Most obliged, hon. Deputy Speaker.

Hon. (Ms.) Nyamai: Thank you, hon. Deputy Speaker for giving me this opportunity. Mine is not a new statement, it is a reminder of a Statement that was read on 1st August, 2013. It was targeted at the Chairperson of the Departmental Committee on Environment and Natural Resources and the Chairperson of the Departmental Committee on Justice and Legal Affairs regarding encroachment of South Kitui Game Reserve, which happens to be in my constituency. This has taken longer than the number of weeks that were promised. The reason I worry is because on the day I requested the Statement it was received by the hon. Member for Galole. I would like to bring it to your attention that he is an interested party. It was ruled by the Speaker that he also attends, not as a Member of the Committee, but as an interested party.

Hon. Deputy Speaker, I would, therefore, like the two Committees to be reminded that I am interested and my constituents are waiting, because we have a lot of insecurity and we would like to know the fate of this matter.

Hon. Deputy Speaker: Are the Chairpersons of the two Committees present? Is any Member from either Committee present? We want them to tell us whether they have ever held any joint meeting on this matter.

Hon. Mati: Hon. Deputy Speaker, I am not the Chairperson of the Departmental Committee on Justice and Legal Affairs, but I am aware of the heavy schedule that the Committee has had. The Chairman and his Vice-Chairperson are not present at the moment. However, I want to promise hon. Nyamai that I will bring this matter to the attention of my Chairman, so that we expedite preparing our part of the response.

Hon. Deputy Speaker: Please inform them that it has taken long and we need to get some response.

VISIT TO CHINA BY PRESIDENT AND HIS DELEGATION

Hon. A.B. Duale: Hon. Deputy Speaker, I want the Secretary-General of FORD(K) and his colleague to listen to me because I am about to issue a Statement sought by hon. Chris Wamalwa on the visit to China by His Excellency the President and his delegation.

Hon. Deputy Speaker, this delegation included the private sector, that is top executives from the hospitality, banking, finance, mining, transport, and agricultural sectors. They were led by the national Chairman of the Kenya National Chamber of Commerce and Industry. We had key Government officials in that delegation; they included the Cabinet Secretaries for National Treasury, Foreign Affairs, Mining, Energy, Interior and Coordination of National Government, Transport and Infrastructure and Environment. There were also governors, including the Governor for Nairobi. Also accompanying the President were hon. Members of Parliament of the National Assembly and hon. Senators.

His Excellency the President made a State visit to the People's Republic of China from 18th to 23rd August, 2013. During that visit a number of memorandums of understanding and agreements were concluded between the two governments. Specific to the request by hon. Chris Wamalwa, the funds agreed upon were between the Government of the People's Republic of China and the Government of Kenya. In this regard, the facilities were a mixed basket in form of grant and loans, as I will outline shortly.

First, the Government of the People's Republic of China agreed to provide the Government of Kenya with a grant of approximately Kshs1,420,000,000. This grant shall be utilized to fund projects to be agreed upon through consultations between the two governments. The specific matter shall be stipulated in agreement to be subsequently signed between the two governments, mainly through the Cabinet Secretaries in charge of finance.

Secondly, the government of the People's Republic of China agreed to provide the Kenya Government with an interest free loan of Kshs2,840,000,000 within five years from 1st September, 2013 to 31st August, 2018. This loan shall be utilized to fund the economic and technical cooperation projects again, to be agreed upon through

consultations between the two governments. The specifics of these projects shall be stipulated in such agreements to be subsequently signed by the two governments, and in this regard, Parliament will be notified.

Hon. Deputy Speaker, the amount of loan shall be paid annually at a rate of one-tenth by the Government of Kenya over a period of 10 years from 1st September, 2023 to 31st August, 2033 in convertible currencies or with export commodities from Kenya to be agreed on through consultations between the two governments.

Still on the issue of the loans, the exchange rate for the repayment shall be calculated in accordance with the middle rate of the Chinese Renmimbi against the convertible currency used by the Government of Kenya, which is published by the Bank of China on the last working day of each year during its utilization period. The banking agreement on accounting procedures for implementation of the agreement shall be signed upon consultations between China Development Bank and the National Treasury of Kenya.

The Government of the People's Republic of China agreed to provide the Government of Kenya with a concessional loan in the amount not exceeding Kshs11,828,600,000. The loan shall be utilized for Nairobi City Centre Extra High Voltage (EHV) and 66KV Network Upgrade and Reinforcement Project. The terms of this loan are as follows: -

(i) The projects to be financed by the loan shall be appraised and approved by the Export and Import Bank (Exim Bank) of China and the National Treasury of the Republic of Kenya.

(ii) The two governments shall, at any time, examine and supervise the utilization of the loan, and hold consultations on the issues arising from the performance of this agreement.

(iii) The agreement for the loan facility shall remain valid for three years after signature.

(iv) The agreement for that loan shall become invalid automatically, if the lender and the borrower do not reach any specific agreement on the utilization of the loan within the three-year period provided.

(v) The duration of this loan shall be 20 years inclusive of the seven years grace period.

(vi) The interest rate to be charged for this loan is two per cent per annum.

Hon. Deputy Speaker, that is about the grants and loans that we received from the People's Republic of China. The negotiations and signing of the conditions are taking place now and Parliament will be informed.

Hon. Wakhungu: Hon. Deputy Speaker, first, I want to thank the Leader of Majority Party for giving that comprehensive report. Indeed, it has taken a long time to get the report, but he told me it was because he had not got the relevant stakeholders. The report was comprehensive enough. However, I would like to make a few remarks pertaining to the Statement.

I want to thank the people of China for giving us that Kshs1.42 billion grant.

Hon. Deputy Speaker, when you look at Article 95 of the Constitution, the National Assembly is supposed to oversee the liabilities that the Executive might be incurring. We do not want to mortgage our children and our future generations. As the National Assembly, we wanted to know this for purposes of planning.

Hon. Deputy Speaker, I asked the Leader of Majority Party to state whether there were any conditions, but he mentioned that some of the projects are supposed to be agreed on by the two governments. My worry is: Does that mean that maybe one of the conditions that might come is that some of these projects must be undertaken by the Chinese government or they will go to competitive bidding in line with the Public Procurement and Disposal Act?

Hon. Deputy Speaker, again, he mentioned about loans. So, I wanted a summary as to get the total. I was trying to add up but it was not coming--- Could he give us a summary of the total amount of money in respect of the loans? This is because I tried to add up but I got confused on the way.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Okay; Leader of Majority Party, to make it easy, can we have at least four and then you respond to each of them? Just take your notes.

Yes, John Mbadi.

Hon. Ng'ongo: Thank you, hon. Deputy Speaker. From the tabulation and the figures that we have just been given, grants, loans, interest free loans and concessionary loans are adding up to roughly Kshs16 billion, which will be given over a period of about five years; this is a very little amount, in my view, for a Government like Kenya.

Hon. Deputy Speaker, the Presidential Press Service (PPS), which is an office recognised by the laws of this country - I want to put this very clearly because our rules do not allow us to quote from the media - communicated to the whole world that they had managed to secure grants and loans totaling to over Kshs400 billion. I would like to ask the Leader of Majority Party to clarify whether this was true; if it was true why has he not disclosed the entire amount to this House? Or, was that communication targeting the West in order to scare and intimidate them, so that they do not push the issue of the International Criminal Court (ICC)?

Hon. Deputy Speaker, I think that needs to come out very clearly. Were we deceived as a country, or is the Leader of the Majority Party today misleading this House that we got a lot of money from China? I really doubt if you can go to China, take all those days only to negotiate for us Kshs15 billion to be advanced in five years. Really, for a country like Kenya that should be a personal loan for John Mbadi, or a loan for Homa Bay County but not for the Government of Kenya. It is a big shame looking at all the stuff the Leader of Majority Party has given us.

Hon. Deputy Speaker: Hon. Mbadi, I think your point has been made. There is a point of order by hon. Ng'eno.

Hon. Ng'ongo: Hon. Deputy Speaker, I am just concluding.

I do not think I can be out of order, really; or, if I am out of order, I doubt whether that hon. Member is---

Hon. Deputy Speaker: Hon. Ng'eno, is it a point of order?

Hon. Kipyegon: On a point of order, hon. Deputy Speaker. You know sometimes we have Government policies. Is the Member in order to rubbish one of the Government's policies, that is to enter into trade agreements with other countries or even any other agreement? I just wanted to know that.

Hon. Deputy Speaker: Hon. Mbadi.

Hon. Ng'ongo: Thank you, hon. Deputy Speaker. It is good that the hon. Member is saying that he wanted to know; really, I think he should know it. I want to remind the

hon. Member that he should know that the hon. John Mbadi is a member of the Coalition for Reforms and Democracy (CORD), which is the Minority and it is supposed to check the Government and question Government policies. That is why I am questioning the rationale of going to China, carrying all the officials, and wasting our money just to negotiate for a loan of only Kshs15 billion to be advanced in five years. It is not worth it. Really, as a country we can do much better. Thank you.

Hon. Deputy Speaker: Okay. Robert Pukose, are you asking a supplementary question?

Hon. (Dr.) Pukose: There is a question I had asked and it has not been answered.

Hon. Deputy Speaker: So, yours is different. Hon. Richard Onyonka, is it a point of order?

Hon. Onyonka: Hon. Deputy Speaker, it is a question.

Hon. Deputy Speaker: Is it a further clarification on the same?

Hon. Onyonka: Yes.

Hon. Deputy Speaker: Let the Leader of Majority Party take that first. Continue.

Hon. Onyonka: Hon. Deputy Speaker, I would like to say that, personally I understand bilaterally that for a head of state to go to a foreign country and bring even Kshs1 billion, it is actually excellent because it is not easy for the President to go and bring funds from abroad. The only issue that I wanted to raise, which many of my colleagues in this House must have heard as it has been raised on several occasions, is whether the President in his visit to China, indeed, signed a bilateral agreement with the Chinese Government to have more than 250,000 Chinese coming into this country. If that was the case, on what basis was there an agreement like that? Is it possible for the Leader of Majority Party to explain if such a transaction took place?

Hon. Deputy Speaker: Hon. Wanyonyi, on a point of order.

Hon. F.K. Wanyonyi: Hon. Deputy Speaker, I think I want a further clarification.

Hon. Deputy Speaker: But then why do you ask for a point of order?

Hon. F.K. Wanyonyi: It is just a further clarification, hon. Deputy Speaker.

Following what my neighbour here has just asked, normally I know that when the Government goes out there, it goes to negotiate for what they already have. Now, from what the Leader of Majority Party has told us, the President and the delegation to China got money and came to Kenya to do consultations for projects that do not even exist. That is my understanding; when you go out there, you look for money for projects that you already have in mind. You go to a shop to buy something that you need. You do not go to a shop and tell the shopkeeper that I want some money to do something that I do not know. I do not understand this. Could we get further clarification?

Hon. Deputy Speaker: Okay, hon. Leader of Majority Party.

Hon. A.B. Duale: Hon. Deputy Speaker, I will start with hon. F.K. Wanyonyi, and I would like him to understand, because we are here to clarify things. The period when the President and his delegation were in China, that was between 18th and 23rd, was not when they decided on the projects. I think the able former Assistant Minister for Foreign Affairs will agree with me on that. The projects are with the Government. Whether you do it through a private bank or through the Chinese Government, there are different levels of engagement. Once you agree at the head of states level, then you leave the National Treasury and other ministries concerned with the projects to execute. That is

why Parliament has a role to play. Hon. F.K. Wanyonyi, do not look at it from the layman's point of view. This is how the Government works.

Secondly, hon. Onyonka asked about 250,000 Chinese residents coming to Kenya. I can tell you that I was part of that delegation and that is not true; we did not go to China, or any other country, to bring in people.

We want to bring something that will add value and growth to our economy. My good friend, hon. Mbadi, asked for a clarification but he has instead, answered himself. That is a very unfortunate part of my good friend. The question by hon. Chris Wamalwa was very specific. It was about grants and loans. There are huge investments that are between the Kenya private sector and the financial institutions in China. There are many projects funded by many Chinese banks and Government.

I want to confirm to you that the Jubilee Government cannot make a trip worth Kshs.15 billion. What was reported is what was availed to the Kenyan people - that is US\$ 5 billion. It is not the Kshs.15 billion for Homa Bay County. If the Kshs.15 billion was given to any county or to governors--- Out of the Kshs.32 billion, they spent only Kshs.8 billion. You need to tell us how Homa Bay County has spent Kshs.500,000 out of the Kshs.500 million that it has been allocated.

(Loud consultations)

Hon. Deputy Speaker: Order! Order Members!

Hon. A. B. Duale: My question was specific to hon. Chris Wamalwa. If you want us to quantify for you the US\$ 15 billion, then that means those were huge Kenyan companies that were part and parcel of the delegation that secured huge funding and investment for our country.

Hon. Chris Wamalwa, a very good friend of mine and this is the way Parliament should go--- Parliament must always guard the country in terms of our national debt. Our kids and future generations should not be mortgaged. We do not want to mortgage our country. We will carry the national debt of retired President Moi, Kibaki and the Grand Coalition, and hon. Mbadi was part of the supervision. He supervised the national debt in the last Government. Luckily enough, I was not part of that Government, but I can assure you that the Jubilee Government will work towards reducing the national debt.

Hon. Deputy Speaker: What is your point of order, hon. Mbadi?

Hon. Ng'ongo: On a point of order, hon. Deputy Speaker. In this House, we are required to be factual. It is on record that the Leader of Majority Party served a longer period in the coalition Government than me. It is not in order for the Leader of Majority Party to claim that he never served in the Grand Coalition Government.

Hon. Deputy Speaker: Yes, put the facts right; you were there at the beginning of the coalition. He was there at the tail end.

Hon. A.B. Duale: History will record that when I saw how the Grand Coalition was being mismanaged, I took a walk.

Hon. Deputy Speaker: Leader of Majority Party, please, do not provoke Members.

Hon. A.B. Duale: It is with a light touch. Hon. Chris Wamalwa has raised a question on the bilateral agreement. He has alleged that they would give us money on condition that the projects are undertaken by Chinese companies. If you look at all the

governments, there are conditions where particular funding from foreign governments is tied to. I can tell you that all the investment and the bilateral aid that was signed by the Government are projects that will go through the Public Procurement and Asset Disposal Act. There are no other conditions.

Hon. Mbadi raised the issue of the West. As the Jubilee Government, we are not excited about the West. We want to protect the sovereignty of our country. Every country - from the smallest like Djibouti to the mighty like the United States of America (USA) - we will deal with them. We are not apologetic to anybody. Kenya is independent, whether the International Criminal Court (ICC) is there or not. This Government will not be a sycophant of the West. We are at liberty to deal with the Middle East and China. We will avoid dealing with countries that will fund projects and give us money based on attacking our moral standards. For example, if a country says they will fund our projects and we allow same sex marriages, as the Jubilee Government, we will say no. That is why we are looking at China and the Far East. We are looking at countries where our culture, religion and morals are respected.

Hon. Deputy Speaker: The last four. There is a long list. I will not allow everybody. Hon. (Eng.) Rege, I will now give you an opportunity.

Hon. (Eng.) Rege: On a point of order, hon. Deputy Speaker. Is the Leader of the Majority Party referring to CORD as sycophants? He should apologize for that, if it is true. Secondly, the way we get loans from overseas is laid down in the Constitution.

In the last Government, when I was the Permanent Secretary (PS) in the Ministry of Information and Communication, a lot of money was borrowed from China. That money was signed for by a Minister in the Government. It was supposed to be utilized in rolling out telecommunication in rural areas, but that did not happen. In fact, the National Treasury paid it off, through the taxpayers, in the last financial year.

The company that bought Telkom Kenya did not inherit that debt. Can the Leader of Majority Party tell us whether the Jubilee Government is going to follow the procedure of telling the country what they want to do with the money? They should tell us who will send that to the National Treasury, who will send it to the Attorney General (AG) and who will bring it to Parliament for approval.

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Hon. Moses Cheboi.

Hon. Cheboi: On a point of order, hon. Deputy Speaker. You have heard the Member who has just sat down say that something was done by a certain Minister, when he was a PS in that particular Ministry. He was the Accounting Officer. Do we treat what he has said as a confession of some wrong-doing?

Thank you, hon. Deputy Speaker.

Hon. Deputy Speaker: Is that how it should be treated? Hon. Junet.

Hon. Nuh: Thank you, hon. Deputy Speaker. I would like to thank the Leader of Majority Party for the Statement, and to also seek some clarification from him. What were the conditions attached by the Chinese Government to those grants and loans? There is a tendency in this country where, when loans and grants are given by the Chinese Government, they are the ones who come here and undertake those contracts. No other company, whether local or from anywhere else in the world is allowed to undertake those projects. In the end, they bring everything from China, including the

stones they use in building. Rumour has it that dogs, which are their favourite meal, might be imported from China very soon.

I am requesting the Leader of Majority Party to clarify to me whether there were conditions attached to all those contracts, like they will import casual labourers from their country. I would also like him to clarify whether the entourage that went there with the President consisted of joyriders like some people I know. Were they of any value to that trip? I do not want to quote names but the joyriders know each other, and they cost the taxpayers a lot of money.

Lastly, he should clarify whether he is holding brief for the Jubilee Government. He was implying they are not interested in the West. Is he holding brief as the “acting Prime Minister”, or in what kind of capacity is he talking?

Hon. Deputy Speaker: Okay, hon. (Dr.) David Eseli.

Hon. (Dr.) Simiyu: Thank you, hon. Deputy Speaker. I wish to thank the Leader of Majority Party for that attempt to answer the question, but he has left a lot of questions rather than answers. Kenyans out there know that the entourage secured over Kshs.400 billion. He is informing us that the Government’s part of it was just around Kshs.15 billion. He has not told us the amount that the private sector secured. He could have enumerated to us what sort of loans these were, and which sectors are to benefit. That would have been more satisfactory to Kenyans.

Secondly, on the loans that were given before the projects were identified, could the hon. Member elucidate on which projects are earmarked for that money because from August to now is a long time?

Finally, I would like to inform the Leader of Majority Party that sovereignty is like virginity. Once you lose it, you cannot regain it. Kenya lost its virginity a long time ago.

Thank you.

Hon. (Ms.) F.I. Ali: Thank you hon. Deputy Speaker. I stand to inquire from the Leader of Majority Party. Yesterday, when the Auditor-General presented his report, there was a section of the report indicating that Kshs33 billion was unaccounted for.

Hon. Deputy Speaker: Is it a clarification on what he has given or this is a completely different one? What we are doing now is seeking clarification from the Statement that he has given.

Hon. (Ms.) F.I. Ali: Yes, it is leading to that. The Auditor-General in his record, stated that Kshs33 billion could not be accounted for and we are just getting a grant of Kshs16 billion. It does not make sense! Can the Leader of Majority Party inform us how we will recover the internally unaccounted for money totaling to Kshs33 billion, instead of borrowing the money which, even the children who are seated in our galleries, have to repay even at this stage of their lives.

Hon. Deputy Speaker: Hon. Members, let us allow the Leader of Majority Party so that we can dispense of this matter.

Hon. A.B. Duale: Thank you, hon. Deputy Speaker. I will start with hon. (Ms.) F.I. Ali. The report was laid on the Table and the Auditor-General gave his summary. It is for PAC to look at that report and bring his report to this House and see where the Kshs33 billion went.

On the issue that hon. (Dr.) Eseli has raised, I am not aware that Kenya has lost its sovereignty. If he has evidence, then you can tell the country because--- I do not want to

use the other word because in my community, some words are not used in public. But as to whether or not we have lost our sovereignty, I do not know.

Secondly, the projects that have been earmarked for that amount of money are mainly on the energy and infrastructure sector, and that matter will come to Parliament. That is because loans guaranteed must be sanctioned by Parliament.

With regard to Kshs425 billion, I said yes. We signed for US\$ 5 billion but hon. Wakhungu has asked for the US\$ 5 billion that we signed. Then, there is the element of the private sector.

With regard to what hon. Junet has asked, there were no conditions. I can assure you that there are no conditions. The Chinese are not coming here. We have a very good relationship with the Government and the people of China. Our President was given a 21-gun salute which other leaders are rarely given. So, we have a very good working relationship with China and we respect them on that.

On the issue of joyriders, I think the last Government was known for joyriders and some of the supervisors of that last Government are here. This Government does not believe in wastage.

Hon. (Ms.) Odhiambo-Mabona: On a point of order, hon. Deputy Speaker. I think you have heard hon. Leader of Majority Party consistently say that Kenya is a sovereign country and China is a sovereign country and yet, he is consistently giving figures in US dollars. Could he, please, quote the money they borrowed in Yens so that we are in tandem with our new found love with China? We will know how many were sent to Westgate to assist us during the crisis.

Hon. A.B. Duale: Hon. Deputy Speaker, the document I have tabled has all, but I want to assure hon. Odhiambo-Mabona that the US dollar is an international currency.

Hon. Muchai: On a point of order, hon. Deputy Speaker. The Leader of Majority Party has been asked to make his quotation in Yen by hon. Odhiambo-Mabona.

Hon. Members: Yuan.

Hon. Muchai: Yen! My ears do not cheat me. Yen is not the Chinese currency; it is Yuan.

Hon. Deputy Speaker: Thank you for the clarification. It is not Yen but Yuan.

Hon. A.B. Duale: Hon. Deputy Speaker. The Yuan is about one billion.

Hon. Deputy Speaker: Hon. Duale, I think you have answered.

Hon. A.B. Duale: Hon. Deputy Speaker, I wish to continue because there was the issue of Westgate. Let me pick it from the great man of Suna, hon. Junet. On joyriders, there are no joyriders in this matter. Joyriders were common phenomena in the last Grand Coalition Government. The supervisors can confirm that.

Hon. (Eng.) Rege has to agree with hon. Cheboi. In one instance, he was accusing himself and I think PAC needs to investigate him. He is talking about when he was the Permanent Secretary and the contracts he signed. I want to assure the House that it is within the Constitution that the Auditor-General's mandate is to audit the national and county governments. Even where the county governments want to borrow money, it must be sanctioned by the National Treasury and it must go through the law. I think we are safe. If you ask the great man of Nairobi County, Governor Kidero, the Governor of Uasin Gishu and the Governors of Kiambu and Trans-Mara, that trip was very successful. Next time, I think Parliament should ask the Government to make trips that bring value to the economy.

Hon. Deputy Speaker: Thank you. Hon. Keynan, are you on a point of order?

Hon. Keynan: Hon. Deputy Speaker, I stand to seek your guidance. Taking into account the Statement and the response by the Leader of Majority Party, I thought in a pure presidential system like ours--- I want to say with a lot of humility and respect to all my colleagues here.

Under Standing Order 91 and on the issue of clarifications, each one of us is accountable to the accuracy of all statements that we make here. I thought when we went to Mombasa and we were taken through the intrigues, details and the *modus operandi* under functions of pure presidential systems and what Parliament is supposed to do, I thought that the Chair will be ruling so many hon. Members, when they ask for clarifications, other than asking---

In the past, when we had hybrid system, the Ministers used to be here and they would say: "I beg to reply." In the context of the presidential system, the work of the Leader of Majority Party or any Chair of a Committee is to say, "I beg to respond." That is because your work is to read a response from the Government because you are not sure of the accuracy of the facts that you are about to share with hon. Members. So, I do not know whether the meetings that we have had, the symposium that we had in Mombasa was just a waste of time. I thought we went there to recollect and go through our own Standing Orders to ensure that they are in tandem with the new Constitution. The Chair will be guiding hon. Members that indeed, it is out of order to seek further clarifications from the Leader of Majority Party or any other hon. Member of this Parliament because their work is just to act as conveyor belt. That is to read the Statement from the Government, not to have a clarification.

In whose capacity are you offering clarifications and some are not part of your Statement? I think, with a lot of respect, I want to ask my colleagues to desist and just wait. Let the Statement be laid on the Table and that Statement will show whether, really whoever is responding has adequately responded. If it is not enough, the same could be committed to a Committee for further interrogation.

I seek the guidance of the Chair on this very issue so that we do not demean the institution of the National Assembly. We do appreciate that this is the first time we are trying to learn, but all of us have a right to be guided by the Chair on very important issues that are likely to form part of our traditions, history and precedents that are going to govern us and the future generation.

I seek your guidance, hon. Deputy Speaker.

Hon. Deputy Speaker: What is your point of order, the Majority Leader?

Hon. A.B. Duale: Hon. Deputy Speaker, I want to agree with hon. Keynan that Members are seeking clarifications based on these Statements. Whether it is the Leader of Majority Party or Chair of a Committee, you must be ready to clarify issues on the Statement that you either table or you have read out. Outside that Statement is what hon. Keynan is talking about. That is the supplementary question. It will not be of any value to the House for me to bring a Statement and just dump it here. The Leader of Majority Party, the Chairs of Departmental Committees or the Leader of Minority Party must be ready to answer clarifications from the Members on the Statements that they bring. You must read the Statement you have brought before the House. You must have sat with the Executive and asked questions. You must anticipate the questions Members will ask. Some of us are not in Parliament to be conveyer belts. We do not want to become a

conveyer belt between the Executive and Parliament. We want to bring, stand and defend what we have. I am sure that is within the communication issued by the Speaker.

Hon. Deputy Speaker: Thank you. Hon. Keynan, it is not that your request is unreasonable. I think that this is a matter that we have been trying to improve on every time. That is part of the reason why the Auditor-General came yesterday and presented his report. We also had the Treasury. So, it is a matter that we are trying to find a middle ground.

Again, I agree with the Majority Leader that do not just pick a Statement and come here. Because of his very regular interaction with the Executive and being the spokesperson of the Executive in the House, he may have more information than just what is written on the Statement. As we try to find the best method of engaging with the Executive and being new as you have rightfully said, allow us to---

Hon. Keynan: On a point of order, hon. Deputy Speaker.

Hon. Deputy Speaker: What is not in order with what I am saying?

Hon. Keynan: Hon. Deputy Speaker, I thought I heard you say that the Leader of Majority Party is the spokesperson of the Executive. I hope that is a slip of the tongue because this is on record. The Leader of Majority Party is the spokesperson of the majority of Members of Parliament in the House and not the spokesperson of the Executive. I stand corrected.

Hon. Deputy Speaker: Be that as it may, I think I clarified that in the House. While in the House, the person that receives the Statements on behalf of the Executive--- You are all rightfully saying that it is a new system and we are all trying to get used to it. I know we will eventually get a clear way on how we will engage. Yesterday, we had the same request that we need the Minister in charge of internal security in the House because all of us have issues concerning security. That is being worked on. Let us allow the Majority Leader for the moment to continue giving us--- If he comes and reads the Statements and there are no clarifications, Members may say that the Statement is not telling them much. We have to do that balance on the Floor of the House and in the Committees.

Hon. Members, I do not want us to continue with this Statement. I want to give an opportunity to the Chair of Energy, Communication and Information because he was not ready at the time we called out the Order on presentation of Papers. Because on many occasions Members have said that they need to look through the reports before they are discussed in the House, I have used my discretion under Standing Order No.1 to allow hon. Jamleck to table his report so that it makes it easy for you to prepare for the debate when it is placed on tomorrow's Order Paper.

Yes, Chair, Departmental Committee on Energy, Communication and Information.

Hon. Kamau: Thank you, hon. Deputy Speaker for indulging me on that matter.

PAPER LAID

The following Paper was laid on the Table: -

The Report of the Departmental Committee on Energy, Communication and Information on the Kenya Information and Communication (Amendment) Bill, 2013.

(By hon. Kamau)

Hon. Deputy Speaker: Hon. Members, I want to know whether we agreed that there should be nothing on my screen when we are moving to the next Order.

Hon. Mbadi had not been given an indication as to when his Statement will be presented by the Chair, Departmental Committee on Administration and National Security.

Hon. Mbai: Hon. Deputy Speaker, I had requested for a Statement, but I have not been given a response.

Hon. Deputy Speaker: Which one?

Hon. Mbai: It is on roads, hon. Deputy Speaker.

Hon. Deputy Speaker: Is the Chair, the Vice-Chair or a Member of the Departmental Committee on Transport, Public Works and Housing here? There is no single Member of the Committee in this House.

Hon. Wangwe: Thank you, hon. Deputy Speaker. I beg to request the Member that I will relay the information to the Chair of the Committee and, once more, we will bring a response to the House within two weeks.

Hon. Deputy Speaker: That is okay. The information will be relayed to the Committee. Expect the response in two weeks' time.

Let us move on to the next Order.

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

[Hon. Deputy Speaker (Dr. Laboso) left the Chair]

IN THE COMMITTEE

*[The Temporary Deputy Chairman
(Hon. Kajwang') took the Chair]*

THE KENYA DEPOSIT INSURANCE (AMENDMENT) BILL

The Temporary Deputy Chairman (Mr. Kajwang'): Hon. Members, according to the Order Paper, the Chairperson of the Departmental Committee on Finance, Planning and Trade has proposed several amendments, which I require you to look at from page 353 onwards. Those are the amendments that we have suggested on the Bill.

So, let us start, Committee Chairman.

Clause 3

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 3 of the Bill be amended in paragraph (b) by deleting the word "by" appearing at the beginning of the paragraph.

Hon. Temporary Deputy Chairman, this is basically a clean-up of the Amendment Bill.

(Question of the amendment proposed)

(Question, that the word to be left out be left out, put and agreed to)

(Clause 3 as amended agreed to)

Clause 4

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 4 of the Bill be amended in paragraph (a) (i) by deleting the word “Board” appearing in the proposed new proviso and substituting therefor the word “Corporation”.

Hon. Temporary Deputy Chairman, this is also just to correct a typographical error. We have moved from the “Kenya Deposits Protection Fund Board” as indicated in the original Act to the “Kenya Deposits Corporation”. So, this is a typographical error. We are, therefore, replacing the word “Board” with the word “Corporation”.

Thank you.

The Temporary Deputy Chairman (Hon. Kajwang’): Hon. Shakeel, you appear to have made a request for the Floor. Where are you?

Hon. S.S. Ahmed: I beg your pardon, hon. Temporary Deputy Speaker. The request has been overtaken by events.

(Question of the amendment proposed)

(Question, that the word to be left out be left out, put and agreed to)

(Question, that the word to be inserted in place thereof be inserted, put and agreed to)

(Clause 4 as amended agreed to)

(Clauses 5 and 6 agreed to)

Clause 7

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 7 of the Bill be amended by inserting the word “contributions” immediately before the word “under” appearing in the proposed new section 20A. *(Inaudible)*

(Question of the amendment proposed)

The Temporary Deputy Chairman (Hon. Kajwang’): Can I put the Question?
Hon. Members: Yes!

*(Question, that the word to be inserted
be inserted, put and agreed to)*

(Clause 7 as amended agreed to)

Clause 8

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 8 of the Bill be amended in paragraph (b) by deleting the word “Funds” in the proposed new subsection (2) and substituting therefor the word “Fund”.

Hon. Temporary Deputy Chairman this is, again, to correct the English.

(Question of the amendment proposed)

*(Question, that the word to be left
out be left out, put and agreed to)*

*(Question, that the word to be inserted in place
thereof be inserted, put and agreed to)*

(Clause 8 as amended agreed to)

(Clauses 9, 10, 11 and 12 agreed to)

Clause 13

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 13 of the Bill be amended in paragraph (a) by deleting the expression “paragraph (b)(b)” and substituting therefor the expression “paragraph (b)”.

Hon. Temporary Deputy Chairman, this is just to correct a typographical error that is appearing under Clause 13(a) in the main Amendment Bill.

The Temporary Deputy Chairman (Hon. Kajwang’): Hon. Members, this is really to re-number that paragraph from (b)(b) to (b).

(Question of the amendment proposed)

*(Question, that the words to be left
out be left out, put and agreed to)*

(Question, that the words to be inserted in

place thereof be inserted, put and agreed to)

(Clause 13 as amended agreed to)

Clause 14

Hon. Langat: Hon. Temporary Deputy Chairman, I beg to move: -

THAT, Clause 14 of the Bill be amended by deleting paragraph (b) and substituting therefor the following new paragraph-

“(b) deleting subsection (2) and substituting therefor the following new subsection-

“(2) In the course of receivership, the Corporation may recommend to the Central Bank that the institution be liquidated in which case the Central Bank shall appoint the Corporation as the liquidator.”

Hon. Temporary Deputy Chairman, this is basically to improve the language.

The Temporary Deputy Chairman (Hon. Kajwang’): Committee Chairman, you need to explain this to hon. Members very well. This is a fairly substantive amendment.

Hon. Langat: Hon. Temporary Deputy Chairman, let me read out the Bill as it is and the amendment so that I can be clearer. In the Bill, where it is proposed to be deleted, it shall read as follows: -

“(2) In the course of receivership, the Corporation may recommend to the Central Bank that the institution be liquidated in which case the Central Bank shall appoint the Corporation as the liquidator.”

So, this sub-section seeks to give powers to the Corporation to liquidate an institution that may have problems.

The Temporary Deputy Chairman (Hon. Kajwang’): All right, hon. Members. That is really to tighten up the legal language. It is a legislative practice to get the right expression.

(Question of the amendment proposed)

(Question, that the words to be left out be left out, put and agreed to)

(Question, that the words to be inserted in place thereof be inserted, put and agreed to)

(Clause 14 as amended agreed to)

(Clauses 15 and 16 agreed to)

Clause 2

Hon. Langat: Hon. Temporary Deputy Speaker, I beg to move: -

THAT, Clause 2 of the Bill be amended in the proposed definition of the term “exclusion and transfer process”, by deleting the word “institutions” appearing immediately after the word “managed” in paragraph (a) and substituting therefor the word “institution.”

The Temporary Deputy Chairman (Hon. Kajwang’): Hon. Members, this is to take out the plural form of “institutions” and replace it with the singular form of “institution.”

(Question of the amendment proposed)

(Question, that the word to be left out be left out, put and agreed to)

(Question, that the word to be inserted in place thereof be inserted, put and agreed to)

(Clause 2 as amended agreed to)

(Title agreed to)

(Clause 1 agreed to)

Hon. Langat: Hon. Temporary Deputy Speaker, Sir, I beg to move that the Committee doth report to the House its consideration of the Kenya Deposit Insurance (Amendment) Bill and its approval thereof with amendments.

(Question proposed)

(Question put and agreed to)

(The House resumed)

*(The Temporary Deputy Speaker
(Hon. Cheboi) in the Chair)*

REPORT, CONSIDERATION OF REPORT AND THIRD READING

KENYA DEPOSIT INSURANCE (AMENDMENT) BILL

Hon. Kajwang’: Hon. Temporary Deputy Speaker, Sir, I beg to report that a Committee of the whole House has considered the Kenya Deposit Insurance (Amendment) Bill and approved the same with amendments.

Hon. Langat: Hon. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

Hon. Angwenyi seconded.

(Question proposed)

(Question put and agreed to)

Hon. Langat: Hon. Temporary Deputy Speaker, Sir, I beg to move that the Kenya Deposit Insurance (Amendment) Bill be now read the Third Time.

Hon. Gaichuhie seconded.

(Question proposed)

Hon. Langat: Hon. Temporary Deputy Speaker, I want to thank the Members for their contribution to this Bill. I think we have had a very successful engagement with the stakeholders, including the membership of my Committee. I want to say thank you very much. I think we are now at the end of this Bill. I want to encourage the Cabinet Secretary in charge to ensure that this Bill is fast tracked. This is a Bill that was passed towards the end of last Parliament, but it has not been implemented because the Cabinet Secretary is yet to make a ruling. So, I want to encourage the Cabinet Secretary to fast track the regulations so that this Bill can be implemented and so that we can protect our depositors, especially the small-scale depositors.

Thank you, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): Yes. Do we have any other Member who is interested in giving a brief talk on this Bill? Yes, hon. Sakwa Bunyasi.

Hon. Bunyasi: Hon. Temporary Deputy Speaker, Sir, I just want to add my voice to what the Chairman has said. This is one of the most important areas in any developing economy. The Bill must create confidence in investors. When you invest, you mitigate the risks so that losses are minimised. I think it is extremely important and I am glad that the amendments have been passed. I would urge the House to wholeheartedly support this.

Thank you.

The Temporary Deputy Speaker (Hon. Cheboi): Yes, I also see hon. Shakeel Shabbir.

Hon. S.S. Ahmed: Thank you, hon. Temporary Deputy Speaker. I am also a member of the Departmental Committee on Finance, Planning and Trade and it has been really quite heartwarming, the way we have engaged with the private sector and other participants. At the end of this, we hope that the financial services and other such related services are going to be streamlined. I know thereafter we are talking about the Insurance Act as well. So, this is all going hand in hand. I want to thank the Chair because he has allowed everybody to participate in the debate. I now beg that the House passes this Bill. Thank you very much.

The Temporary Deputy Speaker (Hon. Cheboi): Yes, I also see hon. Sakuda.

Hon. ole Sakuda: Thank you very much, hon. Temporary Deputy Speaker. I also take this opportunity to really commend the Chair and the entire team for engaging various stakeholders in this Insurance Bill. Our prayer is that it will quickly move in to make sure that all regulations are streamlined because this game of insurance companies taking long to compensate people is not good. They take many years to honour a claim. I

think it is about time, just like this House is a House of order we instituted order in this industry. So, I support it and wish that it can be implemented soon so that Kenyans out there can get relief.

Thank you very much, hon. Temporary Deputy Speaker.

The Temporary Deputy Speaker (Hon. Cheboi): Hon. Kajuju.

Hon. (Ms.) Kajuju: Thank you, hon. Temporary Deputy Speaker. I think what this House has done today is to ensure that each and every Kenyan, wherever they are, is protected. We know that Kenyans are very hard-working people and if anything, what we require is the law that will protect them from situations that make most of the small holder investors bankrupt when it comes to collapse of banks.

Therefore, by passing these amendments into law it means that this House is alive to the fact that Kenyans out there need to be protected and the only way to protect investors and small holder investors is by way of having laws that will safeguard the investments, in the event that banks collapse like what we saw with the Kenya Finance Bank. The Kenya Deposit Insurance Act is supposed to come in and take a position so that they do not lose out on their investments.

So, hon. Temporary Deputy Speaker, this is a good Bill and this is the way to go as the 11th Parliament so that we can be judged correctly. Thank you.

The Temporary Deputy Speaker (Hon. Cheboi): Very well. Let us hear from Kabando wa Kabando.

Hon. Kabando wa Kabando: Hon. Temporary Deputy Speaker, this is very low.

Hon. (Ms.) Kajuju: We can share this microphone.

Hon. Kabando wa Kabando: Thank you, hon. Temporary Deputy Speaker and hon. Kajuju for your natural generosity. As a young man straight from the university, my first savings were with the Kenya Finance Bank. Just two weeks after I and two other friends deposited Kshs7,000, the bank collapsed. Retracing my money was very difficult and to date as I stand here almost 20 years later, that money has never been located. Imagine Kshs7,000 being savings of a young person straight from university. It is a painful experience and, therefore, cushioning depositors, particularly the small depositors who have no influence and even the financial sector intelligence to know that certain things are about to happen, is very crucial.

We have had experiences where companies collapse but a few weeks preceding the collapse, because of the business cartels and financial sector networks, we have seen major depositors rushing to withdraw their huge savings within these companies, be they banks or blue-chip banks and this has facilitated the quick collapse of such institutions. Some of them are institutions where the Government has a stake. These are individuals we see now rolling out their quick ill-gotten wealth to accumulate even greater influence, including the influence to shape and control the political networks and thereafter even the policies of a country.

Therefore, I want to congratulate the Mover and say that this is a very important step. These amendments are very insightful and as we insist on savings in the banking sector and even in the SACCOs, the guarantee that there will not be a total loss, the confidence that our savings are protected and that our lifetime savings are not at the danger of predators in the financial market, is very important. If there is anything that can stimulate growth and economic prosperity, it is the individual savings and confidence of

the depositors that, indeed, we need to put our money in the formal savings institutions that will roll out their interests and onward lending to other individuals.

Hon. Temporary Deputy Speaker, by the way, when I see these amendments, they remind me of the need for us to encourage more of our citizens to put money in banks instead of putting it in quick so-called magic earnings, in the pyramid schemes that have impoverished people. These schemes have collapsed careers. They have even caused people to die because they cannot afford simple medicine in their retirement, because they are out of business or their savings have been depleted and cannot afford minimum livelihoods. Therefore, I support these amendments. They have come at the right time particularly when we are saying that young people must save more.

Hon. Gaichuhie: Thank you, hon. Temporary Deputy Speaker, Sir. These amendments are timely because we have seen many companies collapse. The Government is trying to make sure that no more banks collapse. That is why this Committee on Finance, Planning and Trade decided to bring the Bill. We have consulted many stakeholders and we are all in agreement about the Bill and the amendments. We involved all the stakeholders and so, we are sure, as a Committee that nobody was left out. We can tell the House that once this Bill is passed, the Kenya Deposit Insurance Act will be a current Act and in line with the current Constitution, 2010.

With those remarks, this is a great achievement to Kenyans.

Hon. J.O. Omondi: Hon. Temporary Deputy Speaker, Sir, I also stand to congratulate the Committee on Finance, Planning and Trade for a job well done. One of the falsehoods that we hear in this country is that when you put your money in a bank, it is never safe. This is informed by the fact that many people are not aware of the functions of the current Deposit Protection Board. The amendments which have been brought in this new institution include partly that the Insurance Corporation will bring financial literacy by educating people that once you put your money in a bank, it is not lost.

If we do not encourage our people to put their money in the banks, we are not going to have investment funds. So, this is a good job that has been done. I would encourage the newly formed institution to carry on the work and educate people that when you put your money in a bank, it is not lost. Keep on putting money in the bank to a certain level. We know that most of our savers are small-savers. So, this is job well done and I support.

(Question put and agreed to)

(The Bill was accordingly read the Third Time and passed)

BILLS

Second Reading

THE INSURANCE (AMENDMENT) BILL

(Hon. Langat on 1.10.2013)

(Resumption of Debate interrupted on 1.10.2013)

*[The Temporary Deputy Speaker
(Hon. Cheboi) left the Chair]*

*[The Temporary Deputy Speaker
(Hon. Kajwang') took the Chair]*

The Temporary Deputy Speaker (Hon. Kajwang'): Who was on the Floor? Hon. Gaichuhie, you have eight minutes left.

Hon. Gaichuhie: Hon. Temporary Deputy Speaker, Sir, from the outset, I support The Kenya Insurance (Amendment) Bill, Bill No.5 of 2013. The purpose of this Bill is to re-align the Insurance Act with the Constitution 2010. The good thing about the Bill is that it is now introducing a vice-chair in the tribunal. The tribunal has been given more powers than our subordinate courts.

Currently, the tribunal has powers of a subordinate court, but this Bill is trying to strengthen it to have similar powers as a Resident Magistrate Court. That will go a long way in helping the insurance sector. Also, having consulted with the stakeholders in the insurance sector, the Committee is going to bring more amendments to the Bill, so that when we pass it, it becomes comprehensive.

The Bill is also introducing penalties for those insurance companies that are not well managed. It intends to make sure that they do not wait until a company goes under. They have prudent ways of running the company which is going to assist the underwriters in a company. This Insurance (Amendment) Bill should get the support of the Members, so that we do not have to continue bringing in more amendments. I want to encourage Members to come to the Committee if you have any amendments, so that when we get into the Third Reading, we have a smooth way of transacting business.

With those few remarks, I support the Insurance (Amendment) Bill, Bill No.5 of 2013.

Hon. S.S. Ahmed: Hon. Temporary Deputy Speaker, Sir, I stand to support this Bill. A lot of Bills have come through the Committee on Finance, Planning and Trade with the purpose of harmonizing financial services both with the Constitution and the requirements of the East African Community Protocol. The insurance business has been very difficult to understand. There has been self regulation for a very long time and a number of what we call cowboy companies came in and have hoodwinked a number of Kenyans. With the tribunal being set up and the powers that it has been given, we hope that the financial services will be sensibly strengthened and there will be no loopholes for those companies which come in for a quick kill.

The insurance trade has been open to a lot of criticisms. The operators have complained that there have been a number of fraudulent claims. So, as much as we want to support the *mwananchi*, with a stronger system which is institutionalised with specific guidelines and benchmarks, the insurance trade will improve its standards. Like the banks, the insurance companies take advantage. I do not know of any other place where insurance firms charge so highly for the public service vehicles (PSVs) and other motor vehicle insurance covers. We hope that with the East African Community having opened up, there will be more players in the sector from Rwanda, Tanzania and other countries. This will bring in competition with more established players.

Previously, there was only one reinsurance company called the Kenya-Re. If Kenya-Re refused to reinsure a business, one had no alternative but to appeal. With the amendments, the reinsurance sector is now open to our partner States. So, we know that there will be, at least, another two or three reinsurance companies and this will open up the market. There was much debate about Section 203 of the Insurance Act, where we had intended to put tighter restrictions. We intended to put tighter restrictions because people have been complaining that when they have an accident, their claims are not honoured and they take years because of red tape and other things that the insurance companies might use. We have put a timeframe of 90 days from the time the claim is lodged to the time it must be paid.

We have amended the clause slightly so that it allows the claimant to claim in writing and allows the insurance companies, if they have to make inquiries, to do so within 90 days. However, on specialized insurance like aviation, they should apply to the Insurance Regulatory Authority to give them more time. That was a sensible further amendment. I was pleased to see that the Committee was able to see the way forward and agree partly with the insurance companies, although we are very particular that should not be misused by the insurance companies. We are pleading with all insurance companies to have benchmark laws. If they do not work within those benchmark laws, the Insurance Regulatory Authority must step in and take action.

Hon. Temporary Deputy Speaker, Sir, with those few remarks, I beg to support.

Hon. Bunyasi: Thank you, hon. Temporary Deputy Speaker, Sir. I rise to support this Bill.

The intent of these amendments is to tighten the business of insurance. Insurance companies have been notoriously slow. They have been difficult at times in handling claims. These amendments seek to give them a framework – someone has called them benchmarks – which we expect to get some business conduct that is consistent with formal businesses that somehow meet the promises that they make when they are soliciting for insurance business. I think they are good amendments and I do not think they will complete the chain. I think it is a good start.

Hon. Temporary Deputy Speaker, Sir, secondly, there are other actors in the scene. They are covered in this Bill by the amendments which I hope that the House will consider. It is quite a horrendous journey particularly when you have claims in this country arising out of any kind of misfortune. It may be an accident, fire or whatever the case might be. In the case of accidents, starting with police reports, it is a nightmare. I hope that somebody will look at that and tighten that process. Getting a P3 Form and getting it signed is quite a nightmare. There is fraud in respect to claims of insurance companies. There is also fraud in the activity chain which finally ends with insurance companies. That is something that we certainly need to look at and tighten.

When somebody is involved in an accident and wants to make an official report, it might cost him or her money. If you want to get a P3 Form, it is quite some hell. If you go to a lawyer – I have tremendous respect for my friend lawyers in this House – it might land you in a nightmare that is greater than what you had been in. I hope that down the road we are going to tighten this activity chain and ensure that there is sufficient compliance from the other actors right from the beginning of the process including the legal component of it so, that as it finally ends up with the insurance companies, they too act with some performance standards.

So, the intents of this Bill, in my view, are excellent. They take one segment of the activity chain that ends with the insurance companies. We need to go backward and look at those other segments as well and conform to them. If you build a highway, do not end up with small footpaths. This will ensure that we achieve the changes that we intend to achieve. We will end up with an insurance industry which is very crucial in any country that seeks to modernize this industry such as Kenya.

Hon. Temporary Deputy Speaker, Sir, with those few remarks, I strongly support these amendments that are proposed in the Insurance (Amendment) Bill, National Assembly No.5 of 2013.

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Anami, accept the Chair’s complement for winning the petition and being in this House as a matter of right.

Hon. Anami: Thank you, hon. Speaker, Sir. I owe this to the Shinyalu people. I would like to thank the Chairman, Departmental Committee on Finance, Planning and Trade for coming up with this very important Amendment Bill on insurance.

Thanks to our Constitution, we now have a devolved governance system where we will have entrepreneurs around the country especially the youth and women who will be coming up with diversity of investment. Once the youth and women and of course, other people get involved in business, they run the risk of losing all their investments to challenges like fire and theft. However, the biggest challenge has been the ability to get their investments through insurance.

This Bill will, indeed, guarantee some discipline in insurance business. It will also offer some confidence in young entrepreneurs to do business across the country. So, we should support this Bill.

Kenyans have lost a lot of money through claims that are never processed or paid but if they are paid, they are not paid on time. You will find an insurer who makes a claim spending years before he gets anything from the insurance company. I think this intervention is important because it will speed up the process when time is provided within which insurance companies are supposed to finalize transactions.

Hon. Temporary Deputy Speaker, Sir, I rise to support this Bill. Thank you very much.

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Kabando wa Kabando, you have the Speaker’s sympathy.

Hon. Kabando wa Kabando: Thank you, hon. Temporary Deputy Speaker, Sir. I rise to support this Motion. Again, in pursuant of improvement in the financial sector, it is very important that the streamlining that is happening to align it with the Constitution, we ensure that we also align with the vision for East African Community and the treaties that we have signed and more importantly, the East African Treaty and Protocol. We should put mechanisms in place for the larger benefit of the East African Community.

We have witnessed the friendship in business and the urge for the people of East Africa to do things in one way. Already at the international level, we have the Economic Partnership Agreement which is the framework for business and trade with the European Union (EU). Kenya has resisted the fast-tracking as already adopted by this House through a Motion by Hon. Joyce Laboso to engage with outside market particularly the EU market without consolidating the East African Community. Therefore, within ourselves, the instrument that will ensure that we manage our resources better, safeguard and cushion our people’s interest as one family are very important.

We have seen very many insurance companies go under because of mismanagement. We have also seen the limitation of the growth of insurance companies because of the previous legislation or regulations. Now, we are widening the scope so that be it a Kenyan in Rwanda or a Rwandese in Kenya, the shareholding or ownership of the insurance organizations will be synergized or will be put in the frame of the protocol already in place.

The supervision of insurance companies has been wanting in the past. However, these amendments seek to empower the Insurance Regulatory Authority more so that issues of ethics and governance are strengthened. Again, when these things are being done by this House, it is also good to encourage our citizenry including institutions, particularly schools that insurance is normal like it was perceived before a preserve of the income that we get. That is a basic necessity. We have seen schools burning down. The fire and burglary insurance schemes are not very expensive. If you go to senior schools, university and colleges you will find that they have not insured their equipment and buildings. Even important businesspeople or major earners, because of the perception they had in the past, have not insured for life and education. So many families or individuals who were in formal employment and who have solid business income are put into risk when things happen including sickness and death because they have not had the confidence to take the cover that is necessary for those bad times.

Hon. Temporary Deputy Speaker, although the requirement for coverage is currently very small even for motor vehicles and other schemes, we have no insurance for anti-terrorism. So, the improvement of ethics and management, and the ring-fencing of governance in the insurance sector will go a long way to motivate the citizens of East Africa to invest heavily in this industry for purposes of safeguarding the interests of the living and the interests of their off-springs and dependants. Therefore, I support this amendment, being conscious of the need to upgrade this industry.

With those remarks, I beg to support.

Hon. Temporary Deputy Speaker (Hon. Kajwang’): Yes, hon. Sunjeev Birdi.

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

I would like to, first, congratulate the Chairman and the Committee for the job that they have done so far. It is true that preparing such amendments takes tireless hours of going through each and every clause, which you cannot do in one day. So, I want to congratulate and thank them for doing that work.

When we look at this Bill, we ask ourselves: “What is insurance?” Insurance is like a blanket that will cover you during the rainy season and during a storm. If you have a business and you do not have insurance, you are doomed. If you are human being of whatever age, you need to have insurance. Nowadays even children have insurance because you do not know what is going to happen.

This Bill touches on supervision and proper management in this particular sector. Why do I stress “proper supervision”? It is because we live in a society where fraud is at its highest peak. So, we have to take care of ourselves from fraudsters. Sometimes I find it strange when I see a motor vehicle on the road without insurance. How exactly do you do that? Not only are you putting your vehicle at risk but also the people who are in it.

Hon. Temporary Deputy Speaker, if a business is not insured today, let us be assured that if something happens to it tomorrow, the businessman will lose everything.

Therefore, I support this Bill because by opening borders to the East African Community, we are actually sending a signal to businessmen within the EAC. We are telling them: “Come and work in our country. Come and increase the trade in our country. You will be safe in Kenya.” So, I want to express my feelings on this particular note because trade is impossible without protection of investment.

Apart from that, this Bill also touches on the moral suitability of the people running this particular sector. We should not be having cowboys going about their business and just trying to take money from others fraudulently. That is something which has to come to a stop.

Hon. Deputy Speaker, once again, I would like to commend the Committee and the Chairman for a job well done.

Thank you.

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Members, we have used up the period of time that was allotted to this debate. So, I want to call upon the Mover to reply. Hon. Priscilla, I want you to liaise with the Mover so that if it is in his good heart, he is able to give you one or two minutes to argue out your issue. On my request list, I can see Priscilla Nyokabi and Anna Nyokabi. I can also see Philip Ruto Rotino.

Anyway, it is up to you, Mover.

Hon. Langat: Thank you, hon. Temporary Deputy Speaker. I want to give an opportunity to one Nyokabi first then followed by the other. I do not know the order, but one first and then the other.

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Benjamin, which Nyokabi? I am having problems here because I have more than one Nyokabi.

Hon. Langat: Let me start with Nyokabi from Nyeri.

Hon. (Ms.) Kanyua: Thank you, hon. Temporary Deputy Speaker and hon. Langat. I am happy to support these amendments. I would like to add my voice on the debate on insurance industry. I wanted to ask the Committee and especially the insurance industry to look at the question of road accidents. One of the reasons our insurance companies cannot make profit is really because of the number of accidents we have. Last year, they spent Kshs14 billion on claims. In 2012 they spent Kshs16 billion. We really need to understand why they are spending so much money in these claims. We must ensure that they make profit so that we have minimal citizens insured. We are still asking schools to insure their premises. I am happy and would like to support the efforts by the Chairman of the Committee.

Hon. (Ms.) Gathecha: Thank you, hon. Temporary Deputy Speaker for allowing me this opportunity. I would like to also thank the Chairman for giving me this one minute.

I would like to support these amendments to the insurance law. As we all know, insurance is vital and important to the economy of Kenya and that of any developing country. If you look at the number of people employed in the insurance industry and the bit that is distributed in the insurance industry when individuals take up insurance, it distributes the relative risk that is involved in their undertaking in business. This allows companies and organizations to start their business knowing that they will not go under because there is some sort of support behind them. Should a catastrophe occur, they will have the assurance.

Insurance should be made affordable to everybody. When we allow the risk to be distributed evenly and over a larger area, we will be able to protect very many industries and allow many more business to enter into the economy and make a difference with regard to the development of this country which is essential. We know that there are many young people who remain unemployed and they cannot be absorbed in Government or other jobs. They need to enter into business where they will be employed by other businesspeople or companies. They could also start their own companies.

Thank you and I support.

Hon. (Ms.) W.K. Njuguna: Thank you, hon. Temporary Deputy Speaker. Mine is to support the amendments to this Act. We need to make sure that this insurance is getting to the beneficiaries in times of compensation. In most cases, the claimants of the money from insurance firms are lawyers. They end up “eating” most of the money. It is important that there is another way of compensating the victims. This is mostly a problem when it comes to road accidents; cars are damaged and people die, but when it comes to compensation there is a big problem.

This is a good thing to be done. I support.

Hon. Rotino: Thank you, hon. Temporary Deputy Speaker, Sir, for giving me the opportunity to add my voice to this very important Motion. I also thank the Chairman for giving me the opportunity to get into his minutes.

Insurance is a vital item in the society. Insurance must be seen to spread to the rural areas. I hope this Bill will ensure that the rural folks are educated on the importance of insurance so that they can insure their property. In case of any loss these people suffer very much. I want to quote an example of what happened in my constituency. About two weeks ago, one of my constituents had his house burnt completely with everything which was inside there. The man was left walking naked in the streets because he did not have anything. If he was educated about insurance, he would insure his property.

I hope this Bill is going to guide citizens on the issue of cowboy insurance brokers. There are many of them who walk with briefcases on the streets of small towns purporting to be agents of insurance. These are people who con people in the rural areas. I hope this Bill will address the matter so that we do not have a lot of this in the society.

With those few remarks, I support.

Hon. Langat: Thank you, hon. Temporary Deputy Speaker. I want to thank the hon. Members who requested me to donate a few minutes to them. I think they have added value to the debate. I believe their comments will be captured when we come to the Third Reading.

Insurance has been viewed by many with a lot of suspicion. Many people do not trust insurance companies. When I met a group of them the other day in my Committee, I told them, “The law is tightening up on you because you have failed to really account for yourselves.” It is only in the insurance sector where we are telling them that they must pay their customers within a period of time. It is not happening in the sugar sector or other sectors. It is common sense that if you have a customer, you pay him whatever is due to him. It is only in the insurance sector that we must regulate up to when a customer should be paid in the event of a claim.

The House has made several comments about the sector and I am going to engage them again through my Committee so that this sector really gives Kenyans confidence in terms of what they do. I said here last time that when insurance companies are looking

for you to give them premiums, they do it with a lot of humility, but the day you knock on their doors for a claim, they will not even want to know you. They will ask you: “Who are you and what do you want?” These are the same people who introduced themselves to you and told you that they are good people. This is a sector that needs to reform itself, otherwise we will put a lot of details in our law because it is a sector that needs a lot of reforms.

Many comments were made on the Floor regarding the fact that we are opening up too much to the East African Community in terms of encouraging other East African countries to come to Kenya. I want to urge Members to understand that Kenya is the elder brother in the East African Community. We can only show that we are elders by leading from the front. Let us accept them. I looked at the dailies and I saw that the Governors are saying that they are going to look for investors in Brazil and countries in Europe. How come we have refused to take those who are willing to invest in our sectors? If they have money, let them come and invest in Kenya because in investment we get other benefits including employment for our youth and other benefits to the economy. So, let us as a country lead in the East African Community because we are actually the leaders. If we act like the other countries which are our younger brothers, we are going to spoil the East African spirit which is rapidly taking place.

Hon. Temporary Deputy Speaker, the opening up of the shareholding in the EAC, in my view, will expand our markets because if you have investors coming in, we can also invest in their countries. If there are issues, the persons responsible must ensure that we enforce the protocols that we have signed between our partner states so that Tanzania, Uganda and Rwanda can also open their markets. So, I want to just allay the fears that Members have. It is good to have very many investors and by us starting, others will follow suit. If we refuse to take the first step, we will only be hardening the positions of Tanzania and the other countries which are still coming up. So, this issue of East Africa opening up is a very wise thing for Kenya. It is going to encourage the other countries.

Hon. Temporary Deputy Speaker, we have witnessed serious failures in the past in the insurance sector. I think the most recent one was the United Insurance Company. When it fails, the damage to the economy is very serious. That is why this sector needs close monitoring, like the banking sector. That is why we are even saying let us give power to the Insurance Regulatory Authority to ensure that those who are in charge of managing the insurance sector meet certain academic qualifications, professional experience and integrity standards so that Kenyans can have reasonable expectations that the sector is being managed properly by the right people. That is why part of this amendment is to ensure that the Insurance Regulatory Authority is given power, just like in the banking sector. You cannot wake up one day and say that you want to start a bank or you want to be a manager of a bank. You have to be vetted in terms of: Do you have the experience to manage public funds? Do you have the right character to be able to really get this money and manage it?

Hon. Temporary Deputy Speaker, the insurance sector is a very big sector. It requires serious monitoring because the effects that follow after a collapse are really very huge. Therefore, we would want to continue to empower the regulator because that is our third eye. It gives confidence to the market. I want to encourage Kenyans that now that the sector is being managed properly; they need to come in and invest. Those who have money in this country should come and invest in the insurance sector. Where we come

from in many of our counties, we do not have investors. They need to come out and invest in our counties.

Hon. Temporary Deputy Speaker, so, I want to thank the House for the comments they have made. We will bring a few amendments to this Bill, which we have made in consultation with the regulator and stakeholders so that we make everybody comfortable and we carry everybody on board. This is so that both the regulator and the stakeholders are in agreement with what they are doing.

Hon. Temporary Deputy Speaker, our job as a House is to make a fair law. We do not want to make a law that is regulator heavy or one that is investor heavy. We want to make a law which is fair so that anybody who is not a regulator or an investor can really have confidence in our system.

Hon. Temporary Deputy Speaker, I do not want to say much but I want to say to the House thank you very much. I look forward to meeting the House again in the Third Reading. I want to encourage the House to strongly support the Second Reading of this Bill.

The Temporary Deputy Speaker (Hon. Kajwang’): Thank you very much. Hon. Members, I have had consultations with the Chair and I therefore invoke Standing Order No.1 to order that this Motion be listed in tomorrow’s Order Paper in the afternoon so that the Question may be put.

Let us move to the next Order.

Second Reading

THE TAX APPEALS TRIBUNAL BILL

The Temporary Deputy Speaker (Hon. Kajwang’): The Chairperson of the Departmental Committee on Finance, Planning and Trade.

Hon. Langat: Hon. Temporary Deputy Speaker, I wish to request for your indulgence that we postpone debate on this Bill to tomorrow or the next other available time. It was only yesterday that we did consultations with the stakeholders. I would want to do the Second Reading when we are reasonably in concurrence with the stakeholders. So, I would like to seek your indulgence that you allow this Bill to be debated tomorrow or the next available time. Thank you.

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Members, although the Chairman is not saying which Standing Order he is relying on to do that, it cannot be under Standing Order No.96 because the Question has not been proposed or seconded. Therefore, it remains for the Speaker to give direction on the issue. I think it is legitimate because you are consulting the stakeholders to bring a proper Bill. I, therefore, order that this Bill be postponed to the next available time in the Order Paper. It is so ordered.

(Bill deferred)

ADJOURNMENT

The Temporary Deputy Speaker (Hon. Kajwang’): Hon. Members, arising under Standing Order No.30 the Speaker may, for the convenience of the House, interrupt

business. I hereby interrupt business this afternoon and order that this House stands adjourned until tomorrow, Thursday, 10th October 2013 at 2.30 p.m.

The House rose at 5.08 p.m.