

NATIONAL ASSEMBLY

OFFICIAL REPORT

Thursday, 9th October, 2008

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

QUESTION BY PRIVATE NOTICE

TABLING OF REPORT ON POLICE KILLINGS DURING MAAI MAHIU CLASHES

Mr. Mututho: Mr. Speaker, Sir, I beg to ask the Minister of State for Provincial Administration and Internal Security the following Question by Private Notice.

(a) Could the Minister table the Report of the Inquiry into the killing by police of Messrs. ole Kipuri and Kimasisia ole Kunkuru and injuries to Messrs. ole Nkalo and ole Shonko during the Maai Mahiu clashes in Naivasha?

(b) Could he also table a list of Kenyans killed by police officers between 2003 to date including those killed in Mt. Elgon operation, the "Wagalla Massacre" and post-election violence, giving details of their age, home districts and circumstances of the killings?

(c) Could the Minister further indicate the number of judicial inquiries into unlawful killings by Government forces that have been conducted since 2002 and state what action the Government has taken to punish the errant officers and compensate the victims?

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, this is a very important Question. I want to seek the indulgence of the Chair to allow me to answer this Question by next week. I am asking that because this Question is very important and I do not wish to do a disservice to the country and, more particularly, to this Parliament. So, I request you to allow me to answer it next week, on Wednesday, because I already have the answers for parts "a" and "b" but I am still looking for the answer for part "c" from the Attorney-General.

Mr. Mututho: Mr. Speaker, Sir, this is the second time they are asking for the indulgence of the Chair. The first time it was the Attorney-General who said that it should be answered by this Ministry. Let me just hope that, on Wednesday, everything will be there and that it will be accurate and all taken care of.

Mr. Speaker: Very well! The Question is deferred to Tuesday next week.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I requested for either Wednesday morning or afternoon.

Mr. Speaker: The Question is deferred to Wednesday next week!

(Question deferred)

ORAL ANSWERS TO QUESTIONS

Question No.232

NON-PAYMENT OF COMPENSATION
TO MUTINDA MUASA

Mr. Mbai asked the Minister for Forestry and Wildlife:-

(a) whether he is

aware that Mr. Mutinda Muasa, the beneficiary of Mr. Mwendwa Mutinda (deceased) has not been compensated since the latter's death from an attack by a crocodile in the year 2002,

(b) whether he is further aware that although the Kenya Wildlife Service has dispatched Kshs1,047,000 vide cheque No.0031 of 10th June, 2002, part of which was to benefit Mr. Mutinda, the same was never received, and;

(c) what steps he is taking to ensure that Mr. Mutinda is paid his dues.

The Assistant Minister for Forestry and Wildlife (Mr. Nanok): Mr. Speaker, Sir, I beg to reply.

(a) I was not aware that Mr. Mutinda Muasa, the beneficiary of Mr. Mwenda Mutinda (deceased), has not been compensated since the latter's death from an attack by a crocodile in the year 2002.

(b) I am aware that Kenya Wildlife Service dispatched schedule No.0031 for Kshs1,047,000 on 10th June, 2002, part of which was to benefit Mr. Mutinda and the same was received by the DC's Office, Machakos.

(c) My Ministry, through the KWS, has since investigated the case and made the following findings:-

(i) The claim has not been settled because the beneficiary has never gone to the District Commissioner's office to collect the money to date.

(ii) The claimant's compensation schedule is still being held at the District Commissioner's office, Machakos.

(iii) I am, therefore, requesting that the hon. Member asks the beneficiary to go to the District Commissioner's office, Machakos, for his compensation schedule.

Mr. Mbai: Mr. Speaker, Sir, first, I want to thank the Assistant Minister for a very positive answer now that the cheque has been drawn. This cheque was drawn six years ago and it was posted to the DC's office. Up to date, the beneficiary has been going to the DC's office to get the cheque but each time he is told that the cheque has not been sent. Could the Assistant Minister assure this House that if Mr. Mutinda goes to the Machakos District Headquarters, he will get this cheque?

Mr. Nanok: Thank you for raising that issue. We have got information from the DC's office that the cheque is there and he can collect it. If the beneficiary goes back there and he is not given the cheque, we will take action and make sure that he is paid his dues.

Mr. Mbadi: Mr. Speaker, Sir, while appreciating the answers that the Assistant Minister has given, if this cheque was drawn to the District Commissioner's office six years ago, what measures does the Ministry have in place to ensure that the money that is sent to the district is actually dispatched to the beneficiary? If not, the money should be returned to the Ministry to await collection. What guarantee do you have that the DCs are not diverting these funds?

Mr. Nanok: Mr. Speaker, Sir, the DC who normally chairs the Compensation Committee in the District is the one who awards the amount that is meant to compensate the families of the deceased. When that money is approved at the Ministry, we will use the same channel to get it back to the beneficiary. I understand that the cheque has been lying there for a very long time. We apologise for that. We will work closely with the hon. Member to ensure that the money gets to the beneficiary. At the moment, we have 450 other claims which we are processing at the Ministry. As soon as we are through with those, we will advise, not only the relevant District Commissioner, but also the relevant

Members of Parliament so that they can inform the beneficiaries accordingly.

Mr. Mbai: Mr. Speaker, Sir, this is one of the many cases which are lying in my office. Many people have been attacked and killed by crocodiles along Tana River, Masinga, Kindaruma and Kaburu dams. Could the Assistant Minister give directions to the Director of KWS to release all the compensation cheques which are lying in his office?

Mr. Nanok: Mr. Speaker, Sir, we are still processing 450 claims. We will release those cheques very soon. As soon as we release the cheques to the DCs' offices, the next step will be to inform the relevant Members of Parliament so that we do not have delays whereby those cheques will remain at the DCs' offices uncollected. We will release the cheques and they will also have the opportunity of informing the people who were awarded that money.

Question No.330

CONSTRUCTION OF MOSOP
DISTRICT HEADQUARTERS

Mr. Koech asked the Minister of State for Provincial Administration and Internal Security:-

- (a) whether he could confirm that a new Mosop (Nandi North) District has been created;
- (b) when the Government will construct the headquarters for the district and post the respective heads of departments, and;
- (c) what budgetary allocations have been made for the district headquarters in the 2008/2009 Financial Year.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Lesrima): Mr. Speaker, Sir, I beg to reply.

(a) Yes, the Government is in the process of establishing Mosop District within Rift Valley Province. The Gazette Notice to notify the public of this intention was published on 24th December, 2007.

(b) The Government posted the District Commissioner to the new proposed district in October, 2008. Other respective heads of departments are being posted.

(c) The Ministry has not allocated any money during this Financial Year 2008/2009 given that quantified estimates for the works have not been done and submitted to the Ministry headquarters to facilitate inclusion in the Annual Budget.

Mr. Koech: Mr. Speaker, Sir, let me thank the Assistant Minister for the answer given. The Assistant Minister has given the answer so casually to the extent that he portrays the image that the people of Mosop Constituency are not being treated as Kenyans. The purpose of creating new districts is to move services closer to the people and to ensure efficiency in their provision. As a result of the creation of the new districts and the posting of the DC, the people of Mosop do not get proper services due to the fact that no vehicles have been given to all the heads of departments who are there. This is because we have been hived off from the wider Nandi North District. The same officers who are being posted do not even have houses to stay in. Could the Assistant Minister tell this House what he is doing to ensure that the provision of services to the people of Mosop is not compromised and that the officers on the ground are facilitated to work, given the fact that there is no provision in the Budget this year?

Mr. Lesrima: Mr. Speaker, Sir, I wish to assure the Member for Mosop that we are not discriminating against his constituents. We have some money allocated to districts which have not

yet submitted their requirements. This is the situation in many other districts. When a new district is set up, you are bound to have these teething problems. The first step is to post the DC. Other departmental heads will be posted by other Ministries. We have sent a DC to Mosop, who is a very resourceful lady. She will be able to mobilise resources with the support of the leaders of Mosop to jointly ensure that the new district takes off. We cannot post a DC and yet not plan to provide the necessary facilities in due course. The DC has just reported.

Mr. Abdirahman: Mr. Speaker, Sir, in the recent past, the Government has been very generous about the creation of new districts. This is a welcome move, but unless we plan for these districts, they will not serve the good intentions that the Government has. If you seek services from one Ministry, they keep on referring you to another one yet they are supposed to work in a coherent way.

What plans does the Ministry of State for Provincial Administration and Internal Security and the Ministry of Finance have? They talk about the Medium-Term Expenditure Framework and quite a number of other things. What arrangements do these Ministries have for the next two years? Through a phased approach, how will the Ministry reach the new districts which are about 100 now?

Mr. Lesrima: Mr. Speaker, Sir, indeed, we have plans to provide for funding. As you will realise, 77 new districts were created between 2003 and 2008. These districts cannot be facilitated in one year. We have to do these things in stages. For example, the total allocation for construction during this financial year is Kshs826,561,979 for the districts that are ready. This includes the refurbishing of the old districts and additional facilities. We have also set aside Kshs373,331,630 to facilitate the take-off of the newly created districts in the last ten months.

So, some of these issues are going to be dealt with in the short-term, but some will be dealt with in the long-term. As you know, in 1992, we had 42 districts including Nairobi. We started increasing districts after the passing of the Act. At that time, facilities were supposed to be provided on Harambee basis. Some districts have done extremely well and a good example is Kuria and Karachuonyo districts. Plans are there to facilitate these districts.

Mr. Koech: Mr. Speaker, Sir, even if we post very efficient public servants to any part of this country without the necessary facilities, you will render their work useless. It is necessary for the Ministry to take urgent action to ensure that this is done.

Could the Assistant Minister tell the House when the DC will be given a house and a vehicle? The Assistant Minister has stated that he has set aside some funds. Could he tell us specifically how much money has been set aside for Mosop District? What are the stated requirements? Who is supposed to handle these requirements, so that we can work on them very fast in order for us to start moving as a district?

Mr. Lesrima: Mr. Speaker, Sir, this is a joint venture. There was a lot of pressure from the various communities to be given districts. It should be understood that if you were to be funded, you would require a lot of money to take off immediately. I want to assure the hon. Member that there are districts which have already taken off with minimum facilities. I would like to urge the hon. Member to be patient in this respect.

The DC is already using the facilities at Kabiyet Polytechnic and he is housed in a privately rented house. There has been worse situations in other areas where the communities requested for districts and they were given. The hon. Member should also chip in and support the district infrastructure through the CDF. I have done that in my constituency; to construct even chiefs' centres and Administration Police lines.

I would like to request my colleague, who was a very good principal before he changed career, to utilise his resourcefulness to assist the district. He should join hands with the local leaders to make this district take off and we will support him.

Mr. Koech: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: That Question is sufficiently dealt with.
Next Question!

Question No.318

DESTRUCTION OF CROPS IN MARAKWET
WEST BY ELEPHANTS

Mr. Kaino asked the Minister for Forestry and Wildlife:

(a) whether he is aware that in April/May 2008, elephants destroyed crops of ten farming families in Chesuman and Arror locations in Marakwet West worth about Kshs4 million and the families are now on the verge of starvation; and,

(b) when he will compensate the families.

The Assistant Minister for Forestry and Wildlife (Mr. Nanok): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that in the months of March to May, 2008, elephants invaded shambas in Chesuman and Arror locations in Marakwet West, destroying crops. The Kenya Wildlife Service (KWS) Problem Animal Control Team deployed to the ground recorded destruction at the following farms belonging to the community: The farms of Julius Chemock, Wilson Chebet, Moses Kiptum, Daniel Kitum, Kibor, Sally Chebuyo, Salome Mark, Mboya Cheboi, Jenipher Philip and Tayptin Sisit. The elephants destroyed bananas and mango trees.

(b) Under the current Wildlife Conservation and Management Act, Cap.376, there is no compensation for crops and property damaged or destroyed by wildlife. However, my Ministry has initiated a review of Cap.376 of the Wildlife Conservation and Management Act of 1989 with a view to exploring sustainable options for compensation. As the law stands now, the only compensation under the Wildlife Conservation and Management Act, Cap.376, is for injury and death caused by wildlife.

Mr. Kaino: Mr. Speaker, Sir, there is a problem of insecurity in Chesuman and Arror locations in Marakwet. When there is peace, like now, the community wants to take advantage of that peace and cultivate some crops to reduce starvation in the area. Does the Ministry have any plans to compensate these people, especially those who are in the most affected areas, as they preserve and keep these animals in the area?

Mr. Nanok: Mr. Speaker, Sir, as I have just stated, the law is very clear on compensation. As a Ministry, we are fast-tracking the new Act which will take care of the compensation for crop destruction. Meanwhile, we have been analyzing the human/wildlife conflict, not only in terms of the lives lost, but also in terms of the destruction that is caused by wildlife. When we bring the Bill to this House, we should debate it and finalise it. I am sure it will resolve a number of the issues that hon. Members have been raising on the destruction that is caused by wildlife.

Mr. Mwaura: Mr. Speaker, Sir, I want to thank the Assistant Minister for making an effort to reply to the Question. However, I am worried that he has not told us the steps he has taken against the elephants that have destroyed crops worth Kshs4 million.

Mr. Speaker: Assistant Minister, what steps have you taken against the elephants?

Mr. Nanok: Mr. Speaker, Sir, in the last four months, there has been increased human/elephant conflict all over the country. From our reports, the areas which have been most affected are Laikipia, Lamu, Marsabit, Narok, Nyahururu, Ol Donyo Sabuk, Tsavo East and Tsavo West. In the protected areas, we have erected electric fences. So far, we have more than 800 kilometres of electric fence in some of the protected areas. In other areas where reports reached the

KWS personnel on the ground, we have deployed our officers on time to chase away the elephants.

In addition, we have carried out awareness creation campaigns through *barazas* and workshops to sensitise the communities on the fact that at a certain time of the year when there is shortage of water, elephants move out of their usual grazing areas and come out to look for water.

Mr. Imanyara: Mr. Speaker, Sir, the Assistant Minister is talking about us waiting for a new law. Must we wait for a new law in order to appreciate that people are suffering at the hands of these animals? It is not just elephants in Mr. Kaino's district, but even in Central Imenti in Meru Central District, there is a perennial problem. When we complain that elephants have destroyed crops, the police officers say that they have no transport to send personnel to the area to chase away the elephants. What is preventing the Government from allocating funds, as a matter of policy, to compensate even in the form of *ex gratia* payment, the people who are suffering at the hands of these animals?

Mr. Nanok: Mr. Speaker, Sir, I appreciate the hon. Member's concerns. The law is the law. We are implementing a law that was passed in this House. If we amend it, then it will be possible for us to compensate for damages. The new Bill will provide for compensation for crop destruction.

Mr. Imanyara: On a point of order, Mr. Speaker, Sir. What is illegal in providing for some form of compensation? What is illegal about compensating people whose crops have been destroyed? Why is the law necessary for the Government to pay for the destruction of property?

Mr. Nanok: Mr. Speaker, Sir, I want to thank the hon. Member for raising that issue. We will look into that.

Mr. Speaker: *Nidhamu, mhe. Mbunge! Huu ni wakati wa kuuliza maswali, na tayari umeuliza swali lako. Mpe nafasi Waziri Msaidizi akujibu!*

Endelea, Bw. Waziri Msaidizi!

An hon. Member: *Tumia Kiswahili!*

Mr. Nanok: Thank you, Mr. Speaker, Sir. *Wabunge wenzangu wanataka nizungumze kwa Kiswahili. Kiswahili changu ni sanifu.*

Bw. Speaker: *Endelea, Bw. Waziri Msaidizi!*

Mr. Nanok: Mr. Speaker, Sir, I appreciate *swali alilouliza mhe. Mbunge. Ningemuuliza tu atupe muda. Mara mingi sisi huwa---*

Mr. Speaker: Order! Order, Mr. Assistant Minister! Stay on your seat!

(Mr. Kosgey stood up in his place)

Order! Order, Mr. Kosgey!

Mr. Assistant Minister, if you acquaint yourself with your Standing Orders, they state categorically that you can use one of the two languages. You choose between English and Kiswahili. If you opt for any one of those languages, then you must complete the business that you are transacting in that language. You are, therefore, not allowed to jump between one language and the other! Can you now proceed in one language or the other?

Mr. Nanok: Thank you, Mr. Speaker, Sir. Indeed, I apologise for that.

To respond to the hon. Member's question, which I will do in English, and not in Kiswahili, we realise that an increase in human population has led people to settle on elephants' migratory corridors such that elephants have to look for other ways of getting out of their natural territory. We appreciate that there are certain settlement places, like in his place and Nyahururu, where we have heard of elephants going out of their migratory corridors and venturing elsewhere. It is, indeed, a problem of the land use that we have and which we need to resolve.

Mr. Kaino: Mr. Speaker, Sir, you have clearly heard the Assistant Minister talk about an

increase in human population. There is also an increase in elephant population. Which one should we remove? Is it the human population or the elephant population?

(Laughter)

Mr. Speaker: Very well!

Mr. Kaino: Mr. Speaker, Sir---

Mr. Speaker: Order! Order, Mr. Kaino! This is Question Time, and you are allowed to ask one question at a time. You have asked the question.

Mr. Assistant Minister, proceed and answer!

Mr. Nanok: Mr. Speaker, Sir, the law of natural attrition applies. It is only a few years ago when my colleagues in the Ministry came here and said that the elephant population had gone down. We barely have more than 24,000 elephants from a population of more than 80,000 elephants ten years ago. I encourage all hon. Members to report these cases to the nearest Kenya Wildlife Service (KWS) offices for action. If they do not take action, I am a Member of Parliament, let us discuss when we meet, and we will make sure that the officers do their job.

Mr. Speaker: Very well!

Question No.044

CONSTRUCTION OF LITEIN
POLICE STATION

Mr. Bett asked the Minister of State for Provincial Administration and Internal Security:-

(a) whether he could confirm that Litein Police Station was built on land set aside for a public bus park and market stalls; and,

(b) when he is planning to appropriately relocate and build the police station.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that the land on which Litein Police Station stands was set aside for a public bus park and market stalls. The same was allocated to the Police Department by Kipsigis County Council, through allotment letter Ref.180959, dated 24th February, 1998.

(b) There are no plans, whatsoever, to relocate the police station, because the land was legally acquired.

Thank you, Mr. Speaker, Sir.

Mr. Bett: Mr. Speaker, Sir, I thank the Assistant Minister for that answer, which shows that the Government cares less about the people of Bureti. In his reply, he has used the word "whatsoever". In other words, he is so firm that nothing can be done about it. The people of Litein - a small town - have nowhere to do marketing of their produce. They are doing it on the roadside and the Assistant Minister cares less! The people there have no toilets, and the Assistant Minister cares less! He is now telling us that the property---

Mr. Speaker: Order! Order, Mr. Bett! Come to your question!

Mr. Bett: Mr. Speaker, Sir, I am preparing the ground!

Mr. Speaker: You are taking too long!

(Laughter)

Mr. Bett: Thank you, Mr. Speaker, Sir.

I was saying that there is no space for even putting up toilets in that town and the Assistant Minister cares less. If the said land belongs to the police, why are police officers living in makeshift buildings on that land?

Mr. Ojode: Mr. Speaker, Sir, I really care for the people of Kipsigis. It is because the area Member of Parliament has not sat down with the Kipsigis County Council to agree on where the land for the bus park and the stalls should be. I have evidence with me that the land in question was legally allocated to the police. I would wish to table the allotment letter from Kipsigis County Council. We paid for this land. We paid all the levies and for whatever else was required. I am going to table the letter.

The only advice I would give to my friend is for him to go and sit down with Kipsigis County Council, so that they can re-allocate land within that area for construction of the bus park and the market stalls. Otherwise, the said land belongs to the Police Department. In any case, we do not even hold the title deed. The title deed is being held by the Permanent Secretary (PS), Ministry of Finance.

Mr. Speaker, Sir, I wish to table the letter for his perusal.

Mr. Speaker: Proceed!

*(Mr. Ojode laid the letter
on the Table)*

Is there anybody else who is interested in the Question?

Dr. Kones: Mr. Speaker, Sir, I would like to know from the Assistant Minister, the official policy of the Ministry on acquiring land for police stations. Of late, they have been going round, asking us to donate land for the construction of police stations. An example is my constituency, where we have been asked to donate land for construction of a "sub-station" of the police station we are talking about. Does the Ministry not have financial allocations for the purchase of land to construct police stations?

Mr. Ojode: Mr. Speaker, Sir, there are two things: One, this is not a question of the Ministry buying land. This is a question of land which is meant for the construction of a police station in Kipsigis, but people there want the same land to be given out for the construction of a bus park and market stalls. If Dr. Kones has a problem within his own constituency, he should put a Question and I will reply to it.

Mr. Speaker: Last question, Mr. Bett!

*(Mr. Ojode pointed fingers
at Mr. Bett)*

Mr. Imanyara: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to ask Dr. Kones to bring a Question when a supplementary question is a valid question which deserves an answer? Secondly, should the Assistant Minister point fingers at people when he answers questions?

Mr. Ojode: Mr. Speaker, Sir, you will agree with me that Dr. Kones' Question is completely different from the one asked by Mr. Bett. Dr. Kones is asking me if I can avail or buy land. The Question by Mr. Bett is asking me if I can relocate the police station. So, the two Questions do not relate to each other.

(Dr. Kones stood up in his place)

Mr. Speaker: What is it, Dr. Kones?

Dr. Kones: Mr. Speaker, Sir, I want to clarify that my question is not different from the Question before the House. It is the same police station that is asking for land in my constituency for construction of a "sub-police station", because that part of my constituency is under the jurisdiction of Litein Police Station. So, my supplementary question is valid and relevant. So, what is the policy of the Ministry on acquisition of land? Does the Ministry buy land for the Police Department to construct police stations or must local authorities always allocate land to the Department in order for police stations to be built?

Mr. Speaker: Order, Dr. Kones! Mr. Assistant Minister, you will refrain yourself from pointing fingers at other hon. Members. You can see that, that habit is highly infectious. Dr. Kones also adopted it almost immediately.

(Laughter)

Mr. Ojode: Mr. Speaker, Sir, ordinarily, you can acquire land through the county councils or buy land using the Constituencies Development Fund (CDF) money or voluntarily allocate land for public use. So, for Dr. Kones, he can decide on one of the three options. He can either buy land, through the CDF, in order for us to build a police station or donate land or use the available land which is meant for public utility. We are ready to construct the houses for police officers. We have the money.

Mr. Bett: Mr. Speaker, Sir, I thank you for informing the Assistant Minister that we are all hon. Members.

I want to advise him that we are not asking for land in Kipsigis County Council. We are asking for land in Bureti County Council. Those are two different things. So, if he is asking me to go to Kericho Town and discuss with Kipsigis County Council, I will not do so! I will go to Litein County Council, where I belong and where we want the land. Does the Assistant Minister know where this land is?

Mr. Ojode: Mr. Speaker, Sir, yes, I know where the land for the construction of the police post is. It is within Bureti County Council, and Bureti County Council is in Kenya. I know where it is!

(Laughter)

My friend, Mr. Bett, should have asked me to allocate more funds for the speedy construction of the police station. On the issue of relocating, we can only relocate the police station if, indeed, there is a parcel of land which has been set aside for construction of the same because, in any case, he needs the police.

Mr. Speaker: Very well!

Question No.140

EFFECT OF INCREMENT IN SDF

Mr. Speaker: Hon. Members, the Chair is informed that Mr. Were is out of the country on Parliamentary Business---

Dr. Khalwale: On a point of order, Mr. Speaker, Sir. It casts serious doubt on the

efficiency of the Office of the Clerk of the National Assembly if the Clerk, who is supposed to be aware of the whereabouts of all Members of Parliament, sits back, waits for a Question to waste time by being put on the Order Paper only for him to try to whisper to you across there! Could you make a ruling that the Clerk must be aware of where Members of Parliament are and ensure that their Questions are not included on the Order Paper until those Members of Parliament are in the country?

Mr. Speaker: Very well, Dr. Khalwale! That is a valid observation. Indeed, this matter was the subject of discussion in a meeting which took place this morning between the Speaker, the Deputy Speaker and Members of the Liaison Committee, to which you belong, but you were absent without apology!

(Laughter)

So, indeed, the Office of the Clerk of the National Assembly will take up this matter appropriately.

The Question is deferred to Thursday, next week.

(Question deferred)

Question No.145

NUMBER OF TEACHERS IN IMENTI
NORTH DISTRICT

Mr. Ruteere asked the Minister for Education:-

(a) whether he could state the number of teachers in primary and secondary schools in Imenti North District respectively, as well as the level of understaffing in each category; and,

(b) what he is doing to provide schools with adequate number of teachers.

The Assistant Minister for Education (Prof. Olweny): Mr. Speaker, Sir, I beg to reply.

(a) The staffing position of primary and secondary schools in Imenti North District as at February, 2008 was as follows:-

PRIMARY SCHOOLS

Number of schools	-	129
Student Enrolment	-	44,548
Number of Classes	-	1,466
Establishment/Total number of teachers required	-	1,503
Actual Number of Teachers on Duty	-	1,250
Level of Understaffing	-	223

SECONDARY SCHOOLS

Number of schools	-	49
Student Enrolment	-	10,208
Number of Classes	-	456
Establishment/Total number of teachers required	-	570
Actual Number of Teachers		

on Duty	-	376
Level of Understaffing	-	203

(b) The Ministry, through the Teachers Service Commission (TSC), allocated to Imenti North District, 35 slots for primary schools and 49 slots for secondary schools for hiring of teachers during the recently concluded recruitment of teachers to alleviate the shortage of teachers in the district.

Mr. Ruteere: Mr. Speaker, Sir, the Assistant Minister has tried to give figures of teachers. The statistics are there. My question is: Is he aware that the understaffing of 223 teachers is distributed in Buuri and Timau divisions causing some of the classes to have one or two teachers; and that the distribution of understaffing in secondary schools is mainly in day secondary schools, which should be encouraged by posting more teachers to those schools? Why has he found it necessary to give statistics for February when we are in October?

Prof. Olweny: Mr. Speaker, Sir, we have shortage in various schools. That one, we know very well. Some schools are overstaffed, while others are understaffed. The directive we have given to District Education Officers (DEOs) countrywide now is to ensure that balancing is done, so that we do not have some schools in a given district being seriously understaffed when others are overstaffed. That is the directive which has been given to DEOs as of now.

Mr. Abdirahman: Mr. Speaker, Sir, I am glad that the Ministry will be redistributing teachers across the country. I am not too sure whether he is very clear on that one. Going by the pace at which the Ministry is trying to employ teachers, it will take decades to have some regions staffed adequately. When are they planning to do the redistribution? How fast? Is the exercise going to cover the entire country?

Prof. Olweny: Mr. Speaker, Sir, the exercise will cover the whole country, and it will be done when the new teachers join the service.

Mr. Ruteere: Mr. Speaker, Sir, the Assistant Minister has not told me why it is necessary for him to give statistics for February when we are in October. When he employs 35 teachers and 50 teachers retire, is that an increase or decrease in the number of teachers?

Prof. Olweny: Mr. Speaker, Sir, the data he is talking about is very simple to deal with. Just take 35 and add to the data we had in February and get the current staffing level. We are going to address the shortage as of now in the next financial year. After the recruitment, we are going to have a shortage of 188 teachers in the primary schools in his district and 154 teachers in secondary schools. I think he is now satisfied.

Mr. Speaker: Next Question, Ms. Abdalla!

Question No.176

REHABILITATION OF KIPANGA STREET
SEWERAGE SYSTEM

Ms. Abdalla asked the Deputy Prime Minister and Minister for Local Government:-

- whether he is aware that the rehabilitation of Kipanga Street (formerly Wood Street) in Eastleigh Estate has stalled;
- what steps the Government will take to ensure that the sewerage system in the area is also upgraded; and,
- when the rehabilitation project will resume.

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government (Mr. Githae): Mr. Speaker, Sir, I beg to reply.

(a) No, I am not aware that the rehabilitation of Pumwani-Kipanga Street (formerly Wood Street) in Eastleigh Estate has stalled. The constructor is on site but the following factors slowed down the rehabilitation process:-

(i) We have the perennial over-flow of sewer of the construction works along Pumwani-Kipanga Street.

(ii) The occasional dumping of garbage on the road by the residents.

(iii) The post-election violence that took place between January and February this year.

(iv) Some showers during the months of April.

(b) The Government through the Nairobi City Water and Sewerage Company will take the following steps to ensure that the sewerage works system in the area is addressed:-

(i) As an immediate measure, the drainage will be continuously de-silted to remove undesired materials such as plastic containers, stones and polythene sacks that have been dumped illegally in the sewer lines and manholes. The combined systems will also be cleaned regularly to avoid over-flow.

(ii) Nairobi Water and Sewerage Company and the Athi Water Services Board have identified sections of the sewage system to be upgraded and the engineers have moved to the ground to survey and design these sections. These works have been earmarked to be carried out this financial year.

(iii) The long-term plan is to separate the combine system into separate systems. That is, storm water and sewage wherein water will not be conveyed through the sewer system.

(iv) The public will be sensitized to desist from discharging garbage into sewers and other forms of misuse of the facilities.

(c) The rehabilitation project is, therefore, on going and has not stalled.

Ms. Abdalla: Mr. Speaker, Sir, whereas I thank the Assistant Minister for that answer, I wish to inform him that his contractor has not been on the ground from October until late June this year. For him to say that the project has just been slowed down is not correct. I would also like to point out that it always takes a Question for contractors contracted by the City Council of Nairobi (CCN) to resume work.

Mr. Speaker, Sir, the sewerage system in the entire Eastleigh area, from the first Avenue to 14th Avenue, were designed for a population of 30,000 people in the 1950s. The current population of the area is over 500,000 people. This road is the one that serves the famous Garissa Lodge complexes. This complex is the second highest revenue earner for CCN after the Central Business District (CBD). For the Assistant Minister to continue the rehabilitation of this road without re-designing the sewerage system, is just going round in circles. When will he authorise the rehabilitation of the sewerage system to cater for the current population and not that of the 1950s?

Mr. Githae: Mr. Speaker, Sir, it is true that the sewerage system, as designed in the late 1930s, had not been planned to incorporate the large number of residents who have been attracted to Eastleigh. As a result of lack of funds, the CCN and the Nairobi Water and Sewerage Company have identified the weak section which is going to be redesigned and expanded. We hope that once this is done, in the absence of a total rebuilding of the whole sewerage system in Nairobi, it will be sufficient and adequate. However, obviously, the long-term solution is to expand the sewerage system not only for Eastleigh but also for the whole of the City. That has also been taken by the new Ministry of Nairobi Metropolitan Development. It has been identified as one of the weaknesses.

Mr. Speaker, Sir, there are some other areas which do not have sewer systems which have also been identified. Hopefully, once those plans are in place, then the whole sewerage system will be expanded.

The contractor has not abandoned work. He may not be on site everyday but he has not

abandoned work. I would like to assure the hon. Member that this contractor has not been paid for more than the work done. We still have a lot of money retained, so we have no doubt that he is going to complete the work.

Mr. Chanzu: Mr. Speaker, Sir, apart from the problem of non-completion of such projects on time, which the Assistant Minister is trying to explain, what is the Ministry doing to ensure that the original specifications and standards of the project are adhered to? In the City there are so many projects done but within six weeks, they are worn out.

Mr. Githae: Mr. Speaker, Sir, that used to be a problem in the past. We have now given strict instructions to the resident engineers and local authorities that they must not only supervise the work but they must also be done in accordance with the specifications. We have also noticed that we have been let down by our fellow African contractors; a few of them do not do a good job.

Mr. Speaker, Sir, we have also said that, that will no longer be taken to account and every contractor will be put to strict work as specified. They must complete them. I want to assure this House that this is not only for this contractor but also for all the others. They have been put on notice. No shoddy work will be accepted by the Ministry.

Mr. Speaker. Last question, Ms. Abdalla!

Ms. Abdalla: Mr. Speaker, Sir, without anticipating debate on the new Standing Orders, I would like the Assistant Minister to give us the completion date. Given the excuses he has listed as having delayed work, what is the new date for completion? I am just warning the Assistant Minister that in giving the new dates, he should take into account the fact that in the new Standing Orders, we will hold him accountable.

Mr. Githae: Mr. Speaker, Sir, I am a courageous man and I have no fear of Standing Orders.

The revised completion date is 11th November, 2008, and the constructor has been told that this date will not be extended under any circumstances, and that if he will not have completed the work 100 per cent by that date, then the contract will be terminated.

Mr. Speaker: Next Question, by Mr. Namwamba.

Question No.177

ASSISTANCE TO FAMILIES AFFECTED BY
COLLAPSED POWERLINE AT JERICHO ESTATE

Mr. Namwamba: Mr. Speaker, Sir, the Minister did indicate to me that he would not be available this afternoon because he is attending an energy conference. So, I would plead with the Chair that the Question be deferred to next Thursday.

Mr. Speaker: That is a very good spirit; the Question is deferred to Thursday next week.

(Question deferred)

Next Question, Mr. Cheruiyot!

Question No.214

NON-ISSUANCE OF TITLE DEEDS TO
OGIEK COMMUNITY MEMBERS

The Chair has an indication that Mr. Cheruiyot is supposed to travel out of the country on Parliamentary business, but I do not have information as to when he is supposed to travel. In those circumstances, therefore, the Question is dropped.

(Question dropped)

Next Question by Mr. Kariuki!

Question No.185

NON-PAYMENT OF COMPENSATION TO
DECEASED WARDERS' FAMILIES

Mr. Kariuki asked the Vice-President and Minister for Home Affairs:-

(a) whether he could explain why the families of the prison warders, who perished in a road accident at Ruaraka along Thika Road, while on their way to attend rehearsal for the Jamhuri Day celebrations at Uhuru Park on 1st December, 1994, have not been fully compensated to date; and,

(b) whether he could indicate when the beneficiaries will be fully compensated.

The Vice-President and Minister for Home Affairs (Mr. Musyoka): Mr. Speaker, Sir, I have been having consultations with Mr. N. Kariuki and I did intimate to him that this is a matter that we are taking very seriously as a Ministry. The answer that I have is not satisfactory because it requires further consultations with the office of the Attorney-General. I have written to the Attorney-General, and I am expecting his response. Under those circumstances, we were in agreement that this matter could be given another two weeks to enable the Attorney-General to comprehensively respond to the letter that I have written to him.

Mr. Speaker: Very well; Mr. N. Kariuki, there is a request for deferment for two weeks.

Mr. Kariuki: Mr. Speaker, Sir, I have agreed to the request.

Mr. Speaker: It is so ordered!

(Question deferred)

POINTS OF ORDER

MEASURES TO AVERT COLLAPSE OF
LOCAL FINANCIAL INSTITUTIONS

Mr. Imanyara: On a point of order, Mr. Speaker, Sir. I rise to seek a Ministerial Statement from the Minister for Finance. Over the last few weeks we have seen the near collapse of financial markets all over the world, especially in those countries with which our economy is closely linked. I want to know from the Minister for Finance what steps are being taken to preserve local institutions from collapse, particularly the banking sector, in light of what is happening in the West.

Mr. Speaker: The Minister for Finance! He is not here. The Vice-President and Leader of Government Business!

The Vice-President and Minister for Home Affairs (Mr. Musyoka): Mr. Speaker, Sir, the Acting Minister for Finance is reportedly away in Washington, but I appreciate the request by Mr. Imanyara, because it is about a really a critical issue. We only hope that what I have read in the

Economist being referred to as "casino capitalism", because of the bail out of the US\$700 billion of the United States of America (USA) economy, will not catch up with us. I think it is a matter that the Government itself is watching; I am sure that all our people are on high alert. I understand that India has now been affected. I think the Minister will be able to deal with this matter as soon as he is back.

Mr. Speaker: Shall we order that the Ministerial Statement comes the week after next week?

The Vice-President and Minister for Home Affairs (Mr. Musyoka): He will be back on Tuesday.

Mr. Speaker: If he will be back on Tuesday then this matter is deferred to Wednesday next week.

NON-REMITTANCE OF CESS BY
INSTITUTIONS IN NAIVASHA

Mr. Mututho: On a point of order, Mr. Speaker, Sir. I rise to seek a Ministerial Statement from the Deputy Prime Minister and Minister for Local Government regarding Naivasha Municipality. Currently, we have about 100,000 people in Naivasha Municipality. I request a Ministerial Statement on the following areas: First is why the flower farmers are not paying cess to enable this institution survive; it is just about to collapse because of lack of funds? Secondly, why are all organizations, including the National Cereals and Produce Board (NCPB) and about 3,000 Administration Police recruits, now being trained in Naivasha, not paying cess or anything at all? Finally, when is the Minister intending to work on the drainage and the sewerage system in that area? We are told that some funds have been allocated for this purpose.

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government (Mr. Githae): Mr. Speaker, Sir, I think we can issue it on Tuesday next week.

Mr. Speaker: It is so ordered!

CONSIDERED RULINGS

REPORT ON SALE OF GRAND REGENCY HOTEL SHOULD BE TABLED
IN ACCORDANCE WITH RULES AND PROCEDURE

Hon. Members, I have two communications to make. The first one is in respect of the sale of the Grand Regency Hotel.

Hon. Members will recall that on Thursday 7th August, 2008 Mr. Okemo, Chairman of the Departmental Committee on Finance, Planning and Trade, on behalf of the Committee, made an earnest bid to lay on the Table of the House the report on the sale of the Grand Regency Hotel. The Chair made a ruling on the matter, whose net effect was to disallow the tabling of the report on the premises of non-compliance with the rules and/or practice of the House. I have since received a representation from the Committee, drawing my attention to the matter and seeking my direction on it.

Hon. Members, Standing Order No.162(2) provides that a report of a Select Committee, together with the minutes of the proceedings of the Committee, and with such note or record of any evidence by the Committee as the Committee may deem fit, shall be laid on the Table of the House by the Chairman of the Select Committee, or by some other Member authorized by the Committee in that behalf. The Standing Order is silent as to how, or what other acts or conditions, the Chairman or Members shall do or fulfil in tabling the report, thus leaving it to what is reasonable

within the meaning of Standing Order No.162(2).

Hon. Members, the tradition of laying of Committee reports in this House has been that the Speaker and the Clerk are notified of the intended tabling of the report, and are provided with sufficient copies to facilitate the tabling. A notice of intention to lay a report is prepared and submitted to the Speaker for his attention and approval. Thereafter, the report is laid in the House when the Order for laying Papers is called, pursuant to Standing Order No.31. Copies of the report are then availed to hon. Members and the public.

The practice in other jurisdictions does further inform this procedure. According to the rules of procedure of the Lokh Sabha of India, no part of evidence, oral or written report or proceedings of a Committee which has not been laid on the Table of the House shall be open to inspection by anyone, except under the authority of the Speaker, and further that evidence given before a Committee shall not be published by any Member of the Committee, or by any other person until it has been laid on the Table.

The said rules further provide that the Speaker may, upon request being made to him, and when the House is not in session, order the printing, publication or circulation of a report of a Committee, notwithstanding that the same has not been presented to the House. In that case, the report shall be presented to the House during its next session at the first convenient opportunity. In the Australian House of Representatives, reports of standing and select committees and papers are presented at any time when other business is not before the House in such order as may be determined by the selection committee of that country. That is done each sitting Monday immediately after the prayers, when the order for presentation and statement on report has been called.

According to Erskine May, in the book: *Parliamentary Practice, 23rd Edition*, on presentation of a committee report to the British House of Commons; when a Committee has agreed on it, the Chairman or some other Member is directed to make the report to the House, upon which the report is laid on the Table and ordered to be printed. Delivery of papers commanded by Her Majesty or where under an Act of Parliament, a statutory instrument is required to be laid before the House, the delivery of a copy of such paper or instrument to the votes and proceedings office during the sitting of Parliament is deemed to be for all purposes, the laying of them before the House.

Keeping with the matter in hand, I have been briefed on what transpired on the material day, and the following facts have come to the fore:-

(i) That the Committee concluded the writing of the Report on Thursday, 7th August, 2008, and the same was signed a few minutes before the Afternoon Sitting of the House on that day;

(ii) That the Chairman attempted to lay the Report on the Table soon after the House assembled;

(iii) That some copies of the Report were available for tabling and that one copy had been placed in the Speaker's folder for his attention;

(iv) That no prior notice of intention to lay the Report on the Table of the House had been made to the Speaker, as has been the practice of our Parliament, save for the copy of the Report that was placed in the Speaker's folder as aforesaid, without his attention being drawn thereto.

From the foregoing, the following deductions can be made:-

(a) That the Standing Orders or any previous rulings do not require production of any fixed number of copies of a Report or a Paper for circulation before the tabling thereof. Indeed, this is the position in other parliamentary jurisdictions, as I have alluded to herein by way of persuasive authority;

(b) That the practice of the House and the provisions of Standing Order No.161 prohibit premature disclosure or publication of evidence and documents presented to a Committee before

the Report is laid on the Table of the House. It follows, therefore, that no evidence, document, nor copy of a report can be published or otherwise disclosed to any person other than a Member of the House until the Report of that Committee shall have been presented to the House, and that a Report of a Committee cannot, therefore, be available for circulation before it is tabled in the House; and

(c) It is the responsibility of a Member desiring to lay a Report or a Paper on the Table of the House to satisfy himself or herself that due process has been followed in laying such a Report or document.

I, therefore, wish to clarify and give directions that, henceforth, the following procedures will obtain in the tabling of Papers, Parliamentary Reports or documents:-

(i) Any Paper, document, statutory instrument or a Parliamentary Committee Report which require to be laid, must be in a complete form, correct and authenticated.

(ii) That a Member, a Chair of a Committee or Minister who desires to table any document or a Report, must file a notice with the Office of the Clerk, at least, two hours before the commencement of the sitting, indicating such intention for onward transmission to the Speaker; and

(iii) Once the Speaker has perused the document or report and approved it for tabling, the concerned Member should ensure that, at least, 20 copies are availed to the House during the tabling - and not before the tabling - and sufficient number of copies furnished for circulation to all Members immediately after the tabling.

Hon. Members, it behooves any Member who wants to table a Paper or a Report to ensure that the procedure, as stipulated above, is followed to the letter. All the necessary steps must be adhered to and within the required time-frame. The Chair will always facilitate the business of the House objectively, and without fear and bias. The Chair and Members play a complementary role in transacting the business of the House. Presentation of Papers and Reports should be made with full compliance within the set conditionalities as herein incorporated. It is the responsibility of the Chair to ensure that all documents and/or reports, once properly laid, are made available to Members of Parliament and to the larger public.

In view of the communication that I have made, and having clearly and elaborately laid out the procedure to be followed in tabling Papers, Reports and any other document, I now call upon hon. Okemo or any hon. Member as may have been nominated by the Committee to proceed to lay the Report of the Committee in a completed form, on the sale of the Grand Regency Hotel at the earliest convenience of the Committee.

I thank you.

(Applause)

A MEMBER SUSPENDED FROM HOUSE
SERVICE SHOULD WITHDRAW FROM
PRECINCTS OF PARLIAMENT

Hon. Members, let me move on to the second Communication from the Chair. We are all, no doubt, aware that the Chair is enjoined to maintain order in the House by the rules that relate to order and that regulate the conduct of its business. In particular, Standing Order No.82 provides as follows:-

"Order shall be maintained in the House by Mr. Speaker and, in a Committee of the whole House, by the Chairman of such Committee; but disorder in the Committee may be censured only by the House on receiving a report thereof."

I am certain that hon. Members are also aware of the mechanism provided by the Standing

Orders to deal with disorder within the House, and I wish to draw the attention of Members to the provisions of Standing Order No.88(1), which provides as follows:-

"Mr. Speaker or the Chairman of Committees shall order any Member whose conduct is grossly disorderly to withdraw immediately from the precincts of the Assembly during the remainder of that day's sitting; and the Serjeant-at-Arms shall act on such orders as he may receive from the Chair in pursuance of this Standing Order; but if on any occasion Mr. Speaker or the Chairman deems that his powers under the foregoing provisions of this Standing Order are inadequate, he may name such Member or Members, in which event the procedure prescribed in Standing Order No.89 (Member may be suspended after being named) shall be followed".

Standing Order No.91 further states thus:-

"Any Member who is ordered to withdraw under Standing Order 88 (Disorderly conduct) or who is suspended from the service of the House under Standing Order 89 (Member may be suspended after being named) shall forthwith withdraw from the precincts of the Assembly and shall during the period of such withdrawal or suspension continuously (except during a recess) forfeit his right of access thereto".

Hon. Members, it has come to the knowledge of the Chair that some Members of the House are not clear as to what suspension entails. It is the duty of the Speaker to guide hon. Members accordingly, which I hereby do by stating as follows:-

Pursuant to the provisions of Standing Order 88(1) which I quoted earlier, any Member whose conduct is grossly disorderly shall be ordered to withdraw immediately from the precincts of the Assembly. Standing Order No.2 defines the precincts of the Assembly as follows:-

"Precincts of the Assembly" includes the Chamber of the National Assembly, every part of the buildings in which are situated such Chambers, the offices of the Assembly, the galleries and places provided for the use of accommodation of Members, strangers, members of the public and representatives of the Press (which covers the tent), and any forecourt, yard, garden, enclosure or open space appurtenant thereto and used or provided for the purposes of the Assembly".

This, in essence, means that a Member suspended from the service of the House should withdraw from the precincts of the Assembly and consequently forfeit his or her rights of access to any part of the precincts of the Assembly during the period of suspension subject to the exemptions stipulated under Standing Order No.91. This is the procedure according to our rules which is also consistent with the procedure and statutes in other jurisdictions envisaged under Standing Order No.1(a). I, therefore, request hon. Members to take note and fully comply with the procedure, but add that I remain optimistic that no Member will breach the rules that the House has set for itself to warrant or necessitate suspension from the Assembly.

Thank you.

Dr. Khalwale: Mr. Speaker, Sir, I would like to thank you for that guidance. However, the events of that day - I remember it was on a Thursday - left this House, at least, a section of us and a section of the country thinking that the Chair had blocked the tabling of that Report. I have heard you very clearly. You have said that the only thing that Mr. Okemo missed was that besides putting a copy of that Report in the Speaker's folder, he did not alert the Speaker in advance. May I seek the following clarifications:-

If, indeed, you remember that it is you who made a ruling and gave the deadline as to when that Report was to be tabled. Is it not common sense that Mr. Okemo took your notice to mean not only notice to him to table the Report, but also notice to the Chair that it expects that Report? If that is the case, could the Chair express the displeasure of this House at the conduct of the Chair of the day at how it attempted to block the Report? Secondly, you have, in your ruling, talked

about availing 20 copies. Given that we have 224 Members of Parliament and several offices in this House, could you clarify who the recipients of the 20 copies are?

Mr. Speaker: Very well, Dr. Khalwale! Indeed, I appreciate the sensitivity of this matter much as I do the importance and seriousness of it. It is for that reason and on the basis of that understanding as, indeed, the Chair heard that I have made that ruling which very clearly, in my view, clarifies the position. It answers issues which were raised on the 7th August, 2008, and clearly accounts for the conduct of the Chair. Maybe it will be necessary, Dr. Khalwale, that you take time and read that ruling and you will see that, that communication has not in any manner been sympathetic with what the Chair may have done on that day. However, it is clear that the Chair was not sufficiently posted on the factual position as to previous rulings of this House, or even for that matter, previous practice. As a good citizen and a good professional, if you acquaint yourself with that ruling, you will let the fault lie where it falls.

With respect to copies of documents or reports that must be available when the relevant document or report is being tabled, the 20 copies relate to those that must be available within the Chamber at the time the report is being laid. This is in consonance with our previous practice and, indeed, directions given during the Eighth Parliament when Mr. Mwenje stood up to lay reports of a particular Committee. It transpired that it would be unreasonable to expect him to carry 210 copies to be laid on the Table simultaneously as the report or document is laid. So, that direction, in my view, and I want to persuade the House to agree, is reasonable.

The Assistant Minister for Medical Services (Mr. Mungatana): On a point of order, Mr. Speaker, Sir. I entirely concur with the directions that you have given us in terms of tabling documents. However, while agreeing with you that you are giving us a proper direction, especially for those who intend to bring documents before this House, I would urge you to give further directions in situations where while a Member is on the Floor debating, he is challenged to produce a document. The procedure that has been laid out would defeat the purpose of trying to get the information at that moment.

Mr. Speaker, Sir, we had an example this afternoon when Mr. Ojode was speaking and wanted to lay a document on the Table which then went on--- If these rules become too rigid, again, it might become difficult in future. So, we are just saying that it is a good thing, but could we have further directions where there are spontaneous occasions such as those that I have alluded to.

Mr. Speaker: Very well! That is a legitimate concern coming from you, Mr. Mungatana. Indeed, we belong to the same profession although you are relatively younger in that profession than I am. We know that it is a standard rule of any law as may be set or promulgated but there is no law which is cast in stone. In fact, as lawyers, we normally say: "To every law, there is an exception". That situation is one that would fall within the exception. The commonsense of it will dictate that where a situation was not anticipated and a Member wishes to reinforce his presentation or argument by a document that he may have in his possession, then that will be permissible and, indeed, admissible.

Mr. Jirongo: On a point of order, Mr. Speaker, Sir. On the same day, there was an exchange in this House and ignorance is no defence. I believe once you have been kicked out of this House as you have explained, you become a stranger. On that particular day, certain things happened and a stranger went and held a press conference within the precincts of Parliament and cast certain aspersions talking about the Muslim community and literally going back to where we are trying to come from. He talked about sections, tribalism and all those kind of things.

Mr. Speaker, Sir, we would want you to give directions because last time it was the Deputy Speaker and next time it will be you.

Mr. Affey: On a point of order, Mr. Speaker, Sir. In line with what Mr. Jirongo has just said occurred on that particular day and given that your ruling has now vindicated the ruling of the

Chair at the time and that the same stranger had gone to the tent to discuss the contents of a report of which he is a Member of that Committee, would it be in order therefore that you ask the same Committee to re-submit the same report in the manner in which it was discussed outside because according to your ruling, you said that no report shall be subjected to immature disclosure? This report is subject of immature disclosure and the country is already aware of it. Would I be in order therefore to request the Chair to rule that the Committee perhaps should be reconstituted afresh and, therefore, this report be redone?

Mr. Ethuro: On a point of order, Mr. Speaker, Sir. I also want to thank you for that considered ruling from persuasive authority. However, I am privy to the circumstances of 7th August, 2008. It was very difficult for the Committee to make enough copies. Even for the 20 copies that you have agreed, although we expected 250 copies, we were told could not have been made because all the photocopiers in the precincts of Parliament were not working. In the course of investigating this matter, what presentations were made to you about the failure of all photocopiers in all the buildings of Parliament at the same time and what action was taken?

*(Several hon. Members stood
up in their places)*

Mr. Speaker: Hon. Members, exercising my discretion as best as I can, I intend to limit further points of orders on this matter to just two more interventions and the last one is reserved for the Deputy Speaker who was presiding on that particular occasion. Being as careful as I can, I want to give the first opportunity to Mr. C. Kilonzo.

Mr. C. Kilonzo: On a point of order, Mr. Speaker, Sir. This issue was discussed at length and what was interesting to add on what Mr. Ethuro has said, was that all copiers were not working and the Committee wanted the copies to be done outside Parliament and they were told that was not possible. We thought that the Committee was totally frustrated by the House itself. So, could you give us a ruling on what happens in such circumstances?

Mr. Mbadi: On a point of order, Mr. Speaker, Sir. We appreciate and thank you for your ruling on this matter. Given the gravity of this issue and the interest that it has elicited in this nation and also given that the Chair had given a ruling that the Report was supposed to be tabled before 7th of August, would I be in order to ask you to order for a definite date that we are going to receive this Report?

Mr. Farah: On a point of order, Mr. Speaker, Sir. Unfortunately, the rules of debate of the House do not allow somebody who has been on the Chair to debate a matter including his rulings outside the House. I am of the perfect opinion that if I had that provision, this debate would have been concluded way earlier.

Mr. Speaker, Sir, for the benefit of the House, I got a call from a Member of Parliament five minutes before the House resumed here on the material day saying that there had been a ruling in the House during the Ninth Parliament that said that no report can be tabled if that report is not made available to the Speaker through the Clerk's office. You have said it in your own ruling that there was one copy in the folder for the Deputy Speaker but not in the knowledge of the Deputy Speaker. I was not informed in my office. I was also not informed even as earlier as when I sat in there.

Mr. Speaker, Sir, I remember that prior to that, there was a report to be tabled by the Departmental Committee on Administration of Justice and Legal Affairs in which notice was brought to my mind that this report had not been brought to the Speaker to peruse through so as to approve and that communication or knowledge came to me from the Clerk's Department. I consulted the Clerk's Department twice as a matter of fact to allow other Members of Parliament to

table their reports while I waited for confirmation that the Departmental Committee on Finance, Planning and Trade did conform with the stipulated rules and procedures. On both occasions the Senior Deputy Clerk came to me and said "no". Before that, I made personal efforts to bring him from his office so that he was here with me, so that institutional memory that is held by the Clerk's Department is made available to me because of the sensitivity of the issue itself.

Mr. Wamalwa: On a point of order, Mr. Speaker, Sir.

Mr. Farah: Order, also!

(Laughter)

Mr. Speaker, Sir, let me complete my point of order!

Mr. Speaker: Order, hon. Members! Order, Mr. Wamalwa! Mr. Farah, the Chair will protect you. You were on a point of order and our Standing Orders do not permit Mr. Wamalwa to interject until you complete your contribution.

So, proceed!

Mr. Deputy Speaker: Mr. Speaker, Sir, it is on that basis that I actually made the conscious decision to bring the senior most person who was there at that time who was the Senior Deputy Clerk and who was the Acting Clerk because the actual Clerk had gone with you on an overseas trip, to make sure that I do not make a mistake and institutional memory is held by the Clerk's Department. That is only when I confirmed fully from the Clerk's Department that a report cannot be laid on the Floor of the House if it is not brought to my attention or the attention of the Chair or the Speaker for that matter and approved by the Speaker. I had not seen that Report before that.

As a matter of fact, Mr. Okemo called me in my office about two hours before that and I told him to come to the office so that we make sure we get the procedure right because at that time Mr. Okemo was asking me if there can be a provision for the extension of the House itself by a few more days to be able to debate this Report and dispose of it. I told him that the Chair does not decide on the extension of the House itself. It is the business of the House Business Committee (HBC), hence the efforts by them to try and convene a HBC which again did not have a quorum. You have said it here that any report to be laid on the Floor of the House must, prior to the laying on the Floor of the House, be brought to the attention of the Speaker through the Clerk's Department. You have already confirmed that it was not brought to my notice. It was signed a few minutes before the House convened on the material day itself. I did it to the best of my judgement. It was the most judicious way I could do it under the circumstances.

As the Chair, I do not have any interest in a debate. I am supposed to be impartial to all the sides that are involved in the matter. I wanted to make sure that the right thing was done and I still hold that my ruling on day was complete, relevant and it should not have been tainted by anything partisan at that time, including the mood of the House itself.

Mr. Speaker, Sir, it is on that premise and for the benefit of the House that I made sure myself--- I did not have any advance copy. I did not approve any. I could not have allowed it to be laid on the Table of House if that provision was not conformed to. It is under those circumstances that I made my ruling. I rest my case!

(Applause)

Mr. Speaker: Finally, so that the Government side is also heard, I will close this debate with a point of order from hon. Wetangula.

The Minister for Foreign Affairs (Mr. Wetangula): Thank you very much, Mr. Speaker,

Sir. I do appreciate your ruling and all the reasons that have been given. I also appreciate all the issues that have been raised by my honourable colleagues. But when you sit on that Chair, you occupy a *quasi-judicial* position. When you deliver a ruling, as a *quasi-judicial* officer, you, in fact, have the right to make a mistake as long as it is not mischievous. Indeed, once you have made the ruling - and I am coming to the point raised by my great friend, hon. Deputy Speaker - it then does not augur well for the House for any person sitting in that Chair; either yourself, your deputy or Members of the Panel, to come to the Floor and appear to defend the rulings they have made. Once those rulings have been made, it is like a Judge or magistrate sitting on a judgement in a case. You cannot then go out and explain what you did and what caused you to do it. You are *functus officio* on the matter.

Mr. Speaker, Sir, I do not want us to lead the House in a situation where you sit on the Chair and, when there are issues, you come to explain. We will destroy the institution of Parliament.

Thank you.

(Applause)

Mr. Wamalwa: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order, Mr. Wamalwa! I have already made a ruling on this matter and it will stand!

With regard to the observations that have been made by hon. Wetangula and, indeed, other Members, I have allowed that opportunity so that Members internalise that ruling, - the effects of it - so that they can understand it and have compliance henceforth. That was the reason that I allowed the points of order that have been made, subsequently. So, hon. Wamalwa, that ruling is made and the Chair has, therefore, dealt with that matter finally! If there is desire to do anything else, there is a procedure which allows you to do so. But for the moment, we will stick by the rules!

I have a few clarifications to make. With regard to the unavailability of photocopiers in Parliament on that day, if the matter had been drawn to the attention of the Chair, I am sure the Chair would have understood and made the necessary exception that the photocopies need not immediately be available. Like I said, there is no law or rule cast in stone. We always consider the surrounding circumstances. That, therefore, deals with hon. Ethuro and hon. C. Kilonzo's concerns.

The sentiments by hon. Wetangula are valid. That, indeed, is the correct position in law. I believe that it is also the correct position in politics.

Hon. Deputy Speaker, who is my able deputy, we have allowed you the latitude to say your piece, so that it goes on record. But,

otherwise, the operational position is what hon. Wetangula has rightfully stated.

With regard to the issues raised by hon. Jirongo and hon. Affey, yes, the conduct of that hon. Member was certainly out of order. Having been ordered to withdraw from the Chamber, he had no business going to the Press Tents and addressing a press conference. That, obviously, caused a great embarrassment to the House. I direct that, that matter be referred to the Committee on Powers and Privileges to deal with it, appropriately.

With regard to giving directions on the date, the prevailing position is that the Chair of that Committee will have wanted to enjoy the privilege and honour of tabling the Report as the Chair, so as to make up for whatever may have transpired on 7th August. We want to accord him that honour. I believe that the Committee similarly will want to accord its Chair that honour. The Chair is currently out of the country and he is expected to return next week. So, the Committee is at liberty to then decide if it wishes to lay the Report on the Table of the House next week, which I

am sure it will. The matter must then rest there.

I thank you.

Mr. Wamalwa: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order, Mr. Wamalwa! There will be no further points of order on that matter! I have made my ruling and it stands!

Mr. Wamalwa: A clarification, Mr. Speaker, Sir!

Mr. Speaker: Order, Mr. Wamalwa! You may have the honour of being the first one that I order out of the Chamber!

Next Order!

BILLS

First Reading

THE NATIONAL ASSEMBLY PARLIAMENTARY OPPOSITION BILL

*(Order for First Reading read -
Read the First Time - Ordered
to be referred to the relevant
Departmental Committee)*

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government (Mr. Githae): On a point of order, Mr. Speaker, Sir. If you will recall, during the swearing in ceremony of Members of Parliament, which was recorded in the HANSARD and even the live broadcast, the Mover of this Bill, Mr. Namwamba, refused to swear allegiance to the President. Indeed, he is on record that he swore allegiance to hon. Raila. The purpose of this Bill is actually to remove the Prime Minister from being the Prime Minister himself. Is it in order for the hon. Member, based on the principle of estoppel - once you have raised something, then you are stopped from denying what you have said--- Since he did not swear allegiance to the President but to hon. Raila, is he in order to bring a Bill that actually goes against what he did on that day? That is recorded in the HANSARD and also on live broadcast!

Mr. Speaker: Order, hon. Members! If you look at the Order Paper, what has just transpired is the First Reading of the Bill. The Bill is going to be read the Second Time. During the Second Reading, we will have an opportunity to debate concerns such as have been raised by Mr. Githae. They will be considered at that time on their merit or otherwise; so, hold your horse until the Second Reading.

Ms. A. Abdalla: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Not on that one! Mr. Namwamba!

Ms. A. Abdalla: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Not on that matter! This was the First Reading of the Bill. It is done, Ms. A. Abdala!

Ms. A. Abdalla: I just wanted to---

Mr. Speaker: Order, Ms. A. Abdala!

Mr. Namwamba: Mr. Speaker, Sir, in accordance with Standing Order No. 101A, I beg to move that the National Assembly Parliamentary Opposition Bill be referred to the Departmental Committee on Administration of Justice and Legal Affairs.

Mr. Speaker: Very well; it is so ordered.

Mr. Imanyara: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Not on that matter!

Mr. Imanyara: Mr. Speaker, Sir, it is on a matter that Mr. Githae misled this House on. Everybody who was sitting in this House remembers that you made a ruling directing Mr. Namwamba to swear the Oath of Allegiance in accordance with the practice that was obtaining.

(Applause)

So, it is completely wrong and the hon. Member misled this House by suggesting that Mr. Namwamba swore allegiance to Mr. Raila. It is not true! It should be established from the records.

Hon. Members: Yes!

Mr. Speaker: Order! That is, to my recollection, the correct position!

(Applause)

*(Mr. Namwamba stood up
in his place)*

Not on that matter! The correct position has been put and the Chair recollects that, indeed, after first or two efforts, Mr. Namwamba was made to swear in accordance with the Oath as prescribed in the Promissory Oaths Act. He complied and signed. I recollect that!

Mr. Namwamba: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: No, Mr. Namwamba! No further point of order on this matter. You have done very well! Your Bill has been read the First Time; it has been referred to a Committee; what more would you want, Mr. Namwamba?

Mr. Namwamba: Mr. Speaker, Sir, I am happy!

Mr. Speaker: I am glad you are happy now.

(Mr. Ethuro stood up in his place)

Mr. Ethuro, no further points of order on this matter!
Next Order!

Second Reading

THE SACCO SOCIETIES BILL

The Minister for Co-operative Development and Marketing (Mr. Nyagah): Mr. Speaker, Sir, I beg to move that The SACCO Societies Bill be read a Second Time.

I would like to start by thanking the many people, who have been involved, over the years, in the preparation of this very important Bill, that we are now presenting to the House. I have to start by thanking the Departmental Committee on Agriculture, Lands and Natural Resources, and all those hon. Members who, in the last few months, once the Bill was presented to the House, took time to study it in detail and make very constructive proposals and amendments, which were then presented to this House by its Chairman, Mr. Bett, just before we went home in August.

I would also like to thank the stakeholders who, over the years, have debated this, who have influenced the creation of this particular Bill, who have travelled around the world and who saw it

fit to have this Bill brought here because of its importance to this country.

[Mr. Speaker left the Chair]

*[The Temporary Deputy Speaker
(Mr. Imanyara) took the Chair]*

Mr. Temporary Deputy Speaker, Sir, as we all know, the SACCO movement is a critical movement for the development of this country. We all know that the poorest people in this country - and they are the majority - would not know what to do if we did not have the SACCO movement. We all know that people who depend on a salary would also not know what to do if they did not have access to the SACCO money that is available even to us in this House, because most of us are members of the SACCO movement. But critically for the poor, I assume that we have total support for this Bill, because it represents the interests of millions and millions of Kenyans who depend on coffee, sugar-cane, tea, matatu and salary savings in order to earn a living and meet their daily expenses for school fees, funerals, building houses around the country. Indeed, Nairobi, the capital of our country, would be owned by foreigners and a few wealthy Kenyans, and there would be almost nothing in the City for ordinary people. Therefore, I would like to thank the SACCO movement.

For the sake of record, this Bill was prepared last year, over 18 months ago, but was not presented to Parliament until early this year when we found it necessary to bring it the way it had been printed, and hoped that Parliament would make appropriate amendments to the Bill.

In 1964, we had the first registered and licensed institution of this kind; this was very soon after Independence. In 1969, the first registered SACCOs for employed staff in the Ministries of Government were created and legally licensed. In the next few years many failed, because we did not understand that a new nation had to manage their operations. Therefore, people took loans and did not think it was necessary to repay them. There was also insecurity for the savings in the sense that these institutions were often weak and without proper registration that would protect the interests of the people who were making savings.

Mr. Temporary Deputy Speaker, Sir, from 1973, there was a major growth and many were registered and by 1975, approximately 1,000 SACCOs were registered in Kenya, and had what we called in the sector "bank offices", and could give credit to their members. About the same time, rural agricultural marketing SACCOs developed; farmers created what were known as "unions banking sections". These were within, for example, co-operatives of coffee or cotton or other crops farmers. They would have a department within the co-operative union of the district that would handle savings and payments to the farmers. So, we see a parallel development at the same time for the rural people, who were involved in agricultural produce processing and marketing.

In 1982, a new policy was introduced by the Government under the Ministry, where banking sections were separated from the coffee, cotton, sugar and tea unions of districts. That was the reason I gave earlier. There is need to separate the main farming activities from the savings and credit activities of the unions. But it was also a period when many people still had management problems. They did not quite understand what was involved and, very often, the people managing those institutions were not well trained. But the Government and the Ministry gave birth to what we call "Rural SACCOs" today.

Mr. Temporary Deputy Speaker, Sir, the rural SACCOs, in addition to the urban SACCOs, play a very important role in the country. Out of 12,000 or so registered co-operative societies in this country, approximately 5,000 are SACCOs. They are the fastest growing sector of the co-operative movement. Most of those 5,000 or so co-operative societies or SACCOs are found in

urban areas where people earn salaries. But we have now been opening up the common boundaries - what we call a movement - in order to allow more people to get involved.

Mr. Temporary Deputy Speaker, Sir, just to give you an indication of what the 5,000 SACCOs or so mean to this economy, we are talking of a figure of up to Kshs170 billion today! That is a huge sum of money that the poor of this country have saved! They have put aside money from their salaries, savings from their coffee, tea, cotton and sugar-cane production. That is the basis of development that we see in the rural areas. If you look at the beautiful houses, shops and kiosks, chances are that they have benefitted from the SACCO movement in this country. Out of that Kshs170 billion or so that has been saved, we have a loan credit amounting to approximately Kshs120 billion today! As I said, that is the money that our teachers, employees in the Civil Service, companies and in the *shambas*, use for their activities that I have just described.

Mr. Temporary Deputy Speaker, Sir, out of the 5,000 SACCOs or so, approximately 200 or so have proper front offices and they operate almost like commercial banks. They have all the facilities of a commercial bank. In fact, if you entered the offices of those SACCOs, you would think you are in a small commercial bank! Some of them, in the last few years, have constructed and built huge operations. Some of those front offices have many tellers or cashiers who are serving the customers using modern technology. In those offices, you will find savings accounts and people depositing their money just like in a commercial bank. You can use debit cards. You can borrow money. As I said, it operates like any commercial bank.

Mr. Temporary Deputy Speaker, Sir, to complete my history of SACCOs, in the last few years, as commercial banks pulled out of major towns claiming that the poor people do not have money; or claiming that the poor rural salaried people were not creditworthy and we saw a big movement from the small towns to the big cities, the SACCOs moved in to fill the vacuum created by commercial banks. I am happy to see that, in the last few years, commercial banks have realised that the poor have the kind of money that I have just mentioned, and we have seen a movement by the commercial banks back to the rural areas. But as those front offices and SACCOs grow, there is need to introduce regulations and controls so that, the problems that we have seen in the last few years, could come to an end.

Mr. Temporary Deputy Speaker, Sir, we have heard of mismanagement, corruption, stealing, employment of friends and relatives in those SACCOs. We have seen members' deposits collapse! We have seen people losing millions and millions of shillings! It is for that reason that it has become necessary, in order to ensure that we have adequate legal and regulatory framework, that this Bill, which will hopefully become an Act, has been brought to this House. It is a fact that many lack development strategies. They are just there collecting money and lending money. It is necessary to bring this Bill to this House, so that we can have a proper development strategy. Each SACCO will be helped, directed and assisted in coming up with an appropriate strategy that will serve its membership well. It is for that reason that they were not meeting international performance standards. It has become necessary to come to this House so that we can introduce, legally, international performance standards that they will meet, just like commercial banks and other institutions.

As you know, Mr. Temporary Deputy Speaker, Sir, it was a few years ago when the insurance industry found it necessary to be put together under one regulator, in order to assist the insurance sector which also, for many years, had grown without a proper strong legal base! Yes, there was some direction from the Treasury, but at that time, it eventually became necessary to have a regulatory authority that oversaw that industry.

Mr. Temporary Deputy Speaker, Sir, I have mentioned that lack of good management has also caused the stakeholders, the people in that sector, the Ministry and the Government to see the need for this Bill. The SACCOs are not able to absorb the type of Information Communication

Technology (ICT) or computer technology that is required. If you are managing the kind of money that I have just mentioned, you need expensive ICT technologies that SACCOs are not able to manage and, hence, the need to bring in the regulations and those kind of controls to help them.

Mr. Temporary Deputy Speaker, Sir, up until now, and until this Bill becomes law, the SACCOs are managed or controlled by the Commissioner of Co-operatives under the current Co-operative Societies Act. The bulk of that Act was meant for mainly marketing agricultural type of co-operatives. There is little mention of the SACCO side. But because of the fast growth of the SACCOs; because of the sophistication and the competition in that sector, it has, therefore, become necessary for this Bill to be introduced before this House.

What will the Bill do, Mr. Temporary Deputy Speaker, Sir? The Bill is intended to introduce a regulatory authority. If commercial banks have a Central Bank-type of organisation; if the telecommunications sector has the Communications Commission of Kenya (CCK); if the insurers and many other sectors in this country have a regulatory authority, it is, therefore, important for SACCOs to have a similar regulatory authority not to constrain their development and make their lives difficult, but to help them develop in keeping with the experiences in other countries of this world. Many countries of this world have regulatory bodies and authorities that we have borrowed examples from, to make it possible for the SACCOs to operate so that every Kenyan is aware of what the rules of the game are. When we are talking about 5,000 such organisations and the kind of money I am talking about, it is necessary to establish a regulatory authority. We have gone through great details over the last few years, looking for a possible model for that. That will be obvious for those of you who have read this Bill in detail and fully understand the justification for that.

Mr. Temporary Deputy Speaker, Sir, it is for that reason that the solution would be to license SACCOs. As I said, they will be licensed at the moment under the general Cooperative Societies Act which does not focus on them specifically. The new law will allow for people who understand finance, credit and savings to regulate and license them. This should, by definition, lead to good governance. We have attempted for the last few years, particularly since 2005, to improve governance in the cooperative movement. I know the cooperative movement has the reputation of mismanagement, corruption and all sorts of things. What is not known to many Kenyans is that in 1990s, after the International Monetary Fund (IMF) and the World Bank pressurised the Government to pull out of management of cooperatives, the movement collapsed. The bulk of the chaos that we see in cooperative movement took place in the 1990s until early 2003 when a new law was introduced. During that period of slightly over ten years, we saw all the chaos. I would like to appeal to all Kenyans to give us a chance.

Mr. Temporary Deputy Speaker, Sir, there is a tendency to judge us by the period when the movement had no control and the cooperative movement was seen as bad and the Government pulled out. In recognition of the importance of the cooperative movement, the Government moved in, with the 2005 Act, which has helped. I wish to confirm that, in my view, there has been a major improvement. I am not saying that we are perfect; we still have problems in the cooperative movement. We still have wrangles. We still have fights. We still have mismanagement but generally speaking, there has been a major improvement in the last few years since the new Act came into place. We hope that this Bill will go a long way towards improving governance so that what Kenyans are telling the Government, the Minister and Ministry officers all over the county; that they want good governance, this Bill will go a long way towards meeting the needs of Kenyans.

It will also improve supervision. We will have a team of experts, who understand finance, savings and credit issues. They will be responsible for supervising. I would like to thank my officers in the field and others who have tried very hard over the years to supervise SACCOs.

These are things they did not always understand. However, we have had programmes to assist them understand. Most of them have accounting background in their training. This has helped, but we know this Bill will help in ensuring that we have more thorough supervision by an authority and the Government to help wananchi.

Mr. Temporary Deputy Speaker, Sir, finally, like is the case with commercial banks, when a commercial bank collapses, the Deposit Protection Fund helps pay the losers some money. We have come up with this programme. We have a Deposit Guarantee Fund (DGF) that will assist those who loose money in the event a SACCO collapses. The details of how it works are explained here. We have gone through it in detail with the various committees. Therefore, the aim of the Bill is to protect SACCOs, the membership of SACCOs and also develop SACCOs to become proper institutions that we can all be proud of and can serve our people better. They should be institutions that can be used for the development of our country.

I have a few words about this authority; the SACCO Societies Regulatory Authority. It will have seven members of the Board. That is important. Just to show you the close proximity of the SACCOs to the financial structures of this country, in the Board will be the Governor of the Central Bank of Kenya among others. The Board will also have the Permanent Secretary, Ministry of Finance. This is in addition to the Chief Executive who will be appointed by the Board but a man or woman with a distinguished career. This is somebody we know and is confident to manage those huge resources that I have mentioned. This Authority, therefore, clearly shows that the Government and stakeholders who represent cooperatives in housing, marketing, matatu business, agriculture and every thing else, will be able to feel that they have a neutral body that will help them grow.

Mr. Temporary Deputy Speaker, Sir, I hope that this SACCO movement will overtake some commercial banks like in other countries. As you know, some SACCOs are much larger than commercial banks in this country. This would help us in globalisation that is taking place in the world. Kenya will be very well equipped to deal with the competition that is expected to come from many financial institutions all over the world.

Some of the things that are important have been mentioned in this Bill. These include, where the money to run such an Authority will come from. It will come from various fees that will be generated by the Authority. There will be grants and donations from the Government, donors and friends of the movement. There will also be levies introduced in keeping with the understanding and consultations with the stakeholders. The rules will be established by the Minister working closely with the stakeholders in order to allow for smooth operations. These rules are not meant to hinder progress or create problems but to strengthen and ensure that the SACCO movement plays the role I have just described.

Mr. Temporary Deputy Speaker, Sir, there will be a requirement for disclosure. For the first time, we will allow in a transparent manner, people to know what is going on in the movement. This is similar to what commercial banks are put through by the Central Bank of Kenya (CBK). I spoke about the deposit guarantee fund that will pay up to Kshs100,000 for members of a SACCO in the event it collapses. The Deposit Guarantee Fund will be managed by independent, trustworthy men and women of integrity. This is slightly separate from the Authority. This Fund is very important for the survival and success of the movement.

Mr. Temporary Deputy Speaker, Sir, earlier on, I thanked the Parliamentary Committee which reviewed this Bill. They spent a lot of time. My Ministry and the stakeholders met with them. We went through the Bill paragraph by paragraph. They made very constructive recommendations and that report was laid on the Table of this House just before we went home in the last Parliament. We are in full agreement with the House committee. We have discussed with stakeholders who are also comfortable with it. They too were summoned by the House in the

absence of the Minister so that they could speak freely and comfortably without feeling intimidated. The result is the document that was produced by the Committee. Therefore, when we go into the Committee stage, I will be supporting the recommendations that have come from the Committee. There is clarification of the definitions, some of which were not very clear; so, we agree with the definition language that was proposed by the Committee.

There have been amendments and we are in full agreement with them, because they have been negotiated between the Committee, stakeholders and the Ministry. There are some Clauses that were totally deleted, because they were found to be unfair to the SACCO movement, and they would have hurt it. For example, Clause 32 had introduced a very strange thing; it said that SACCOs shall not get involved in things like issuance of third party cheques, opening of current accounts, foreign trade operations and so on. The law had said that there shall be no investing in enterprise capital, and that SACCOs would not be allowed to do wholesale or retail trade and so on and so forth. So, the Committee told us that was not acceptable and I agreed with them. That is an example of a clause that has been deleted by the Committee and my Ministry has no problem.

Mr. Temporary Deputy Speaker, Sir, as a result of that, there has been need to renumber some of the paragraphs. So, the final document will be renumbered to take into account the things that I have mentioned. There are completely new ideas, which are very positive, from this Parliament of very able people. For the record, I would like to mention that, that Committee included the Chairman, who was involved in the task force that drafted this document. The Member of Parliament for Igembe North was the Chairman of the Task Force that prepared this document. He and Members of the Departmental Committee of this House, and other distinguished Kenyans, went round the world to understand what happens.

So, I am very happy that they introduced new ideas. For example, there was need to include a clause on how to deal with disputes. We have disputes everyday and we can clog the courts system with disputes from the SACCOs, which I said are 5,000 and are increasing every day. It is necessary to have a mechanism to deal with disputes, hence the need for that clause. I agree that the Co-operate Societies Tribunal, which we, as a Ministry, are strengthening will play the role of dealing with disputes instead of clogging the High Court with disputes.

The Committee was very good in getting us to accept the need to be realistic in terms of the levels of the capital that is required for the SACCOs, and we have reached an agreement. The figures that we had proposed and the definition of what we had called "reality capital requirement" were not practical. We thank them for that.

Mr. Temporary Deputy Speaker, Sir, also very important is that, given the history where committee members lent money to people outside the SACCO, people who are not members, which led to serious problems, they propose that we do not allow anybody who is not a member of a SACCO to borrow from it; I agreed with that. There is a schedule in the document, the 2nd Schedule, which talks about minimum capital requirement. After going through it in detail, and having realised that it was locking the SACCOs into a not practical situation in so far as minimum capital requirement was concerned, after consultations, we have agreed that the Schedule, because it is addressed elsewhere in the law and also by the rules that the Minister and the authority will introduce, should be deleted. We again supported that.

Mr. Temporary Deputy Speaker, Sir, to summarise, I would like to plead with this House to support this Bill. This Bill is the main hope of the poor people of this country. In the coming years, as we prepare to introduce more SACCOs in areas that have never seen them--- I have come from a tour of Nyanza where the SACCO movement is in the early stages of development, and where the fish traders earn a substantial amount of money, but it is spent on the same day. We are in the

process of creating SACCOs to ensure that those fish traders in Nyanza have SACCOs. We are at

an advanced stage in working with the *Jua Kali* people to ensure that the culture of saving is introduced to them. I have visited some *Jua Kali* people who have now become co-operative societies; we have seen the potential for saving by *Jua Kali* people. They can save up to Kshs100,000 per day. Our only hope of helping the poor is encouraging a culture of saving and lending. Very closely related to these institutions is the Co-operative Insurance Company, which is owned by the movement. It also plays an important role in strengthening the co-operative movement in so far as SACCOs are concerned. We have programmes that involve the insurance side and the SACCO movement in this country.

Mr. Temporary Deputy Speaker, Sir, for the salaried people, including Members of Parliament, it is obvious that without SACCOs we would be in trouble. The demand in Kenya on anybody who has a salary by the extended family and other things is too high. When *mwananchi* cannot afford food, fuel and so on, the SACCO system is critical. It will, therefore, fill the gap that was initially created when banks pulled out. As commercial banks come to the rural areas, I would like to see SACCOs strengthened so that they can face the competition that will emerge. It is for that reason that we have talked of merging of SACCOs, so that they can compete favourably with other institutions.

Finally, SACCOs are to be found everywhere. I dream that one of these days, there will be a SACCO in every market; this way, *mwananchi* will collect money from his bank; his relative living overseas can transmit money to him; they will not need to go to big towns and cities for money. I look forward to the days when automated teller machines (ATMs), will be found in the village. It is possible. We have the technology. It is beginning to happen; it can happen and it will happen.

With those remarks, I beg to move.

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government (Mr. Githae): Mr. Temporary Deputy Speaker, Sir, I beg to second this very important Bill. Before I do that, let me take this opportunity to congratulate the Minister for having been appointed to this Ministry. I have not had a chance to congratulate him. I thought I would do that during the Vote of the Ministry, but I think I now have the opportunity.

Secondly, I thank the Minister for requesting me to second this very important Bill. I would also like to commend the staff of the Ministry, the Parliamentary Departmental Committee that dealt with this SACCO Bill at length, all the stakeholders and all those who were involved in the formulation of this Bill.

Mr. Temporary Deputy Speaker, Sir, this Bill is long overdue. It should have come yesterday. Why am I saying this? The banks have the Central Bank of Kenya (CBK) which regulates and supervises them. Even the insurance companies have the Insurance Regulatory Authority. The energy companies have the Energy Regulatory Commission. The only body that was lacking was an authority to supervise, regulate and control SACCOs. That is why I am saying that this Bill should have come yesterday.

Once this Bill becomes law, all the problems that we have seen bedeviling the SACCOs and Co-operative societies will come to an end. One of the things that the Minister should provide some regulations for is the election of officials, particularly of co-operative societies. It amazes me to see somebody seeking to be an official of a co-operative society, spending millions of shillings in campaigns. I always wonder; the sitting allowance for the best financial co-operative society is about Kshs5,000 per day. So, when you spend million and millions campaigning to be an official, how do those officials recoup their so-called investments. That is because, to them, the campaign is an investment. So, one of the first tasks of the proposed Authority should be to formulate some regulations barring prospective officials from spending so much money. It is clear that if you spend Kshs2 million to become an official of a SACCO, then, clearly, you must find a way of recouping

that money. All sorts of things are done to recoup that money. I am saying, Bwana Minister, as soon as you set the Authority, come up with regulations either to specify the maximum amount of money an official should spend on campaigning, or even bar any person seeking an office from spending any money. Let us, for the first time, have people who do not have any money becoming officials.

Mr. Temporary Deputy Speaker, Sir, secondly, I would also request the Minister, once we have approved this Bill and the Authority is appointed, to specify some regulations on loans. At the moment, you find that in some tea and coffee SACCOs, a farmer has got eight different loans. The current SACCO by-laws do not look into the ability to repay. You apply for a loan and you are given immediately. What happens is that when the proceeds from tea, for example tea - and we are coming to November when they get bonus - you will find a farmer who has been paid Kshs1 million. But, out of that, the whole amount is recovered as loans. Therefore, the first thing he does in December so that he can buy some chapatis for the family, is to go and borrow money. This is a person who has just received Kshs1 million which has all gone to loans repayments. So, there should be some regulations on ability to repay. Some minimum money should be left to the farmer and everything should not go towards loans repayments. If we do that, we will be doing a service to our farmers. We must regulate them because the SACCOs have refused to regulate themselves. They just loan farmers any amount of money they want.

Thirdly, I think we should also come up with some regulations. It amazes me when I see some tea SACCOs taking their officials and employees to Mombasa for a visit. I have been to Mombasa and I have never seen tea being grown there? But you find they always go to Coast Province for a study tour. I have always said that, if they really want to have a study tour, why not go to Kericho? It makes more sense. I do not understand what tea SACCO officials go to Coast Province to study. Maybe, they study something else but not tea. So, we should have some regulations that bar officials from tours that do not benefit our farmers.

Mr. Temporary Deputy Speaker, Sir, another very serious problem at the moment is where you try to intervene in private SACCOs where Members of Parliament are not involved. For example, take the case of Kenya Tea Development Authority (KTDA) factories. When they have problems, they want Members of Parliament to intervene. But when they do not have problems and Members of Parliament want to know their operations, they say they are private companies. It requires an annual general meeting (AGM). So, once that Authority has been gazetted, that issue will no longer be applicable. The Authority will have powers to regulate and license all the SACCOs. So, their defence that they are private will no longer apply.

Mr. Temporary Deputy Speaker, Sir, the Authority should also formulate some regulations barring SACCOs from investing in some ventures that do not benefit members. We have seen SACCOs buying land which stays idle. They pay rates on land that they do not get anything. I think there should be some regulations barring them from entering certain ventures such as buying of immovable property and developing houses. That is not the core business of SACCOs. The core business of SACCOs is to lend money to their members. So, there should be some regulations barring SACCOs or giving certain conditions under which they can invest in other activities, rather than lending of money.

Mr. Temporary Deputy Speaker, Sir, one thing that I liked about this Bill is the Deposit Guarantee Fund. This is wonderful provision. What is happening is that SACCOs misuse money and when members retire or are retrenched, they cannot get their shares. Even worse, there are some SACCOs which do not insure the loans given to members. So, after a family has lost a breadwinner, some SACCOs still write demand letters to same, same families that are mourning the loss of their beloved ones. I am glad to see that, that will be a thing of the past.

My only quarrel - and I am glad to see the top officials of the Ministry are here - is the

Kshs100,000 that SACCOs would be guaranteeing. An amount of Kshs100,000 has been overtaken by events. If you look at most co-operative societies, you will find that even the most junior employees have, at least, Kshs300,000 shares. So, when you say that you are going to guarantee only Kshs100,00 in case of liquidation of a co-operative society, then a lot of the other money will not be guaranteed. I would request that you come up with a higher figure. A sum of Kshs100,000 is on the lower side. Probably a sum of Kshs300,00 would suffice if you cannot go to Kshs500,000. I know that even the Central Bank of Kenya is in the process of increasing the amount that is guaranteed by the Deposit Protection Fund. So, instead of waiting to amend this section afterwards, I would request the Minister to come up with an amendment to increase the amount. An amount of Kshs100,000 is on the lower side, considering the inflation that we are currently experiencing. The future of Kenyans lies in co-operative societies and so we must support them. That is where you go to get some money to pay for maternity bills for your wife. Also, when you have a problem, that is where you go to get some money. So, the future of this country depends on how well we run these SACCOs. They should be in a position to give you emergency loans immediately.

Mr. Temporary Deputy Speaker, Sir, allow me to commend the Bunge SACCO. I think it must be one of the most efficient SACCOs where when you borrow money at 10.00 a.m, in the afternoon you will have your cheque. That is what other SACCOs should try to emulate. I would like to thank the officials of the Bunge SACCO for taking care of its members.

(Applause)

The future is, indeed, in co-operative societies. As soon as the Authority is formulated, it should come up with basic minimum services, for example, the provision of ATMs. I know it is only the major SACCOs that have the ATMs. However, if the Authority was to assist the SACCOs, then they would come up with an alternative like the Kentswitch which the banks are using. We could have SACCOswitch for the co-operative societies. Every SACCO would then have an ATM. If you go to the banking hall at Harambee SACCO, you will realise that it is so crowded. If they had ATMs, the banking halls would be less crowded. Once this Authority is in place, the Minister should provide for a common ATM. That will really help members of SACCOs.

Mr. Temporary Deputy Speaker, Sir, another issue which the Authority will need to work on is the employment of relatives in SACCOs. You will find that after every change of management, the new management seems not to recognise the employees who were employed by the previous management. So, they become stagnant giving all sorts of excuses but, basically, it is because they want to employ their own people. They must be told that those employees are innocent, whichever way they were employed. They should be recognised. The new officials should not try to sack the old employees so as to employ new ones. That is one of the things that should be communicated. One area that the Authority should be so strong on is the issue of deductions. Some companies and even local authorities - I am talking from experience - deduct their employees money, but they do not remit it to their respective SACCOs. The effect of that is that the employee loses on both fronts. His money has been deducted, yet again he cannot benefit from the SACCO because he cannot borrow money based on the shares he has contributed. The Authority should take action on companies and local authorities which engage in this very dishonourable act. It really hurts the SACCOs.

We must also commend the Co-operative Bank of Kenya Limited for their proposed IPO. It is an eye-opener. We have huge SACCOs that are even larger than banks, for example, the Harambee Co-operative Society. If you look at its deposits, loans and the turnover, you will realise

that it is bigger than almost 50 per cent of banks in Kenya. There should be a provision where even SACCOs could have IPOs so that Kenyans can also invest in them. That will revolutionise the SACCOs. It will make them professional.

Mr. Temporary Deputy Speaker, Sir, another thing I have liked about this Bill is that for the first time, every SACCO shall be required to have an external auditor. We have attended AGMs where accounts have not been audited by an external auditor. Most times, it is an employee or the manager who has supposedly audited those accounts. I am glad to see that it is going to be compulsory for the SACCOs to have external auditors. Unfortunately, in the Bill, the qualifications of who can be appointed an external auditor are not there. That needs to be done through subsidiary legislation so that we can approve certain categories of audit firms that can be appointed external auditors.

Finally, one of the things that really used to put people off SACCOs is that if you wanted to be attended to, you would find the SACCO offices closed. You would find a small notice reading thus: "Closed for Stock-Taking". I am glad that now, under Clause 64, once a SACCO has been licensed, it must operate on all working days. If it has to close, the authority of the Minister must be obtained so that the SACCO members know. Can you imagine going to the bank on a working day only to find it closed? That is what used to happen with our SACCOs. I am glad that has now been taken care of. They must now open on all working days. If they have to close, they must obtain the Minister's authority. However, there should be a provision where once a Minister has approved for a particular SACCO to close on a particular day, that information must be published in the newspaper so that members know that the SACCO will be closed.

We need to reassure banks. This is because they have not been very supportive of the SACCO Societies Bill. They say that SACCOs are going to take business from them. Under Clause 32, the fears of the banks have been taken care of. This is because SACCOs have been prohibited from accepting third party cheques, opening current accounts, engaging in foreign trade, investing in equity and so on. Really, the banks have no reason to fear the SACCO Societies Bill. The ones who have been campaigning--- I have seen and received letters - I think most hon. Members have received them too - from banks telling them not to support this Bill. We need to tell the banks that their interests have been taken care of. SACCOs will not be in competition with banks. They will only be complementing banks.

Mr. Temporary Deputy Speaker, Sir, we have also seen a very bad side of some SACCOs. They do not have money from the members. So, they go to the banks and borrow money at 15 per cent. They lend the same money at, say, 17 per cent or 18 per cent. This defeats the purpose of SACCOs which is to give low interest rates to the members. The Minister has authority to prohibit SACCOs from borrowing money from banks because it does not make any sense for a SACCO to borrow money at 15 per cent and then lend it out to members at 18 per cent. The members may as well go directly to the bank and borrow money at 15 per cent. That would defeat the purpose of the SACCOs.

With those remarks, I beg to second.

(Question proposed)

The Assistant Minister for Medical Services (Mr. Mungatana): Thank you, Mr. Temporary Deputy Speaker, Sir for giving me an opportunity to also make my contributing to this beautiful piece of legislation that is before us.

Mr. Temporary Deputy Speaker, Sir, first of all, I want to thank the Minister so much because this is one of the things that will distinguish his stint as the Minister for Co-operative Development. When Ministers go to a Ministry, they must leave a mark and for sure, the Minister

will leave a mark in this Ministry by moving and legislating this piece of legislation.

On the whole, I have listened very carefully to the debate and to the Mover, the hon. Minister, and I am persuaded as many are here, that we should support this Bill wholly. I have also listened to the seconder of this Bill and I am persuaded that we should support it. However, like we have said before, all good pieces of legislation are capable of being made better. I want to pay tribute to the hon. Members of the relevant Departmental Committee that have already wrote a very good report that I am sure carries all the wishes and the thinking that would go towards improving the Bill.

Mr. Temporary Deputy Speaker, Sir, we need to also make a correction starting from where the seconder left and that is the proposed Clause 32. We need to make a correction there. If I heard correctly, that proposed Clause 32 prohibits SACCOs from participating in businesses such as issuing of third party cheques, opening current accounts, foreign trade operations, investing in enterprise capital, wholesale or retail trade, underwriting or placement of securities or any other activities as the Authority may prescribe that are currently being carried out by banks. In fact, the relevant Departmental Committee of Parliament that looked into this and made its recommendation said that, that section of this Clause 32 should be scrapped.

I support that position completely because the banks in this country have been totally unfair to the people of this country. The rates of interest that are charged in this country are so high that you cannot believe it. You take a mortgage and you are hit by high interest rates. The banks are afraid of true competition which is coming into the Kenyan market. When these SACCOs start operating just like any other banks with regulations, they are going to make it difficult for these commercial banks to exploit Kenyans the way they have been doing in the past.

Mr. Temporary Deputy Speaker, Sir, I am saying that even some of these commercial banks are recording such high profits within Kenya that they are unable to explain and yet they originate from Britain and other foreign countries. They are unable to explain how much money they reap from this country. They are taking advantage of Kenyans in this country. So, I support the total scrapping of the proposed Clause 32. If we have agreed as a Parliament that we are going to make these SACCOs work, then let them work completely like any other commercial entity. The banks are able to lower their interest rates. Obviously the market will determine who will go and borrow money from where or who will register where. So, I wholly support that clause.

Mr. Temporary Deputy Speaker, Sir, there are some things that we need to improve in this Bill. I have looked at it and studied it and we can look at the proposed Clause 6(e) which states:-

"Four members, not being public officers, appointed by the Minister by virtue of their knowledge, and possession of a minimum of ten years experience in co-operative practice and management, law, finance or economics:"

The above members form part of the Sacco Society Regulatory Authority. The tradition of both the Ninth and the present Tenth Parliament has been very clear that whenever we are constituting boards, we have done so clearly with the overriding interest of preserving gender parity in all appointments that we have been creating. I am finding it a bit strange that this is not there. So, that is definitely a place where improvement needs to be made. We must mention the question of gender because as a country, we have agreed that we are going to mainstream gender into these things.

Mr. Temporary Deputy Speaker, Sir, the second thing that has been pushed and that we indeed want to make part and parcel of our laws is that even the youth who are part and parcel of the economy in this country need to have clear representation in some of the boards that were are forming in Government. Some of the people that we want to appoint, for example, the Permanent Secretaries to the Treasury, the Commissioner, the Governor of the Central Bank and all these people, by all standards will be people who have invested in property, of wide experience and old

people. When it comes to regulating the affairs of the people who will be part and parcel of those sacco, the youth must be considered, unless we are saying that the SACCOs should not also have the youth. I define youth as between 18 and 35 years of age and we are saying that it is not possible in many occasions to have experience of ten years as a minimum requirement in this co-operative practice and management, law, finance or economics and yet still you qualify to be a youth.

I am saying this requirement is not necessary. I was elected as a Member of Parliament for the first time when I was only 31 years plus a few months and I managed to be an Assistant Minister. If people of that age can actually be Ministers, Assistant Ministers and hold such responsible positions, this requirement is just an oppressive requirement against the youth and it should be done away with altogether. Five years' experience surely in management, law and other specialities should be sufficient and this will be enough to cover even the youth.

Mr. Temporary Deputy Speaker, Sir, still on the same point, we have now accepted the idea that in constituting national authorities of any kind, the question of regional distribution must be put into effect and I am insisting that this section be redone properly so that when the Minister is appointing the people, there must be a clause that compels him to take consideration of the youth, gender and regional distribution. Why do I say so? I say this because we have now established as a practice that in this Parliament, many people, in fact, come from different areas and if we do not put such checks and balances in the law, what happens is that the Executive goes to abuse that authority.

The clear manifestation was when the roads authorities were being established the other day. The Urban Roads Authority and the other authorities were set up. When we were passing this legislation in the Ninth Parliament, we were very clear that there should be authorities. We did not put the checks and balances about regional distribution. What happened? In both authorities, the Coast Province was not represented and I stand in this House to say that, that was a shame on those people who appointed those authorities without due consideration of regional balance. As a result, do you know what happens? When money is being allocated, people are not considered. When things are being done, these regions are not being considered. I think this should not happen. They should not let it happen in this piece of legislation.

Mr. Temporary Deputy Speaker, Sir, I intend to request the Minister to consider introducing a clause that will set up--- One of the things that the Authority we are setting up must do, apart from regulating the SACCOs, is to encourage them. That should be part of their mandate. Why do I say so? There is money that is being charged from the general public who are members of SACCOs, and they are using it for many other reasons. But it is essentially public money. They are also using Government facilities, including our Permanent Secretary and the Minister himself. All those are facilities of the Government that we all pay for, including people from North Eastern, Coast and all other areas which the co-operative society movement has not reached.

The Minister has said that he started from Nyanza area, where the co-operative society movement is next to zero. Now, we want this thing to benefit the entire country. So, we are requesting that one of the clauses of the duties is to set up some minimum standards to establish co-operative societies in regions where that movement has not taken root. I see that they have to file a report to Parliament. We should be seeing that they have established a minimum of ten new SACCOs in North Eastern, a few others in Coast, Nyanza, North Rift and all other places where the movement has not taken place. So, if we are saying that this Bill is for the general poor of this country, then let us have things that are deliberately going to force this Authority to move into those areas which are a little disadvantaged and where this society movement has not taken place, so that they can take the necessary steps to make sure that we all come up together.

Mr. Temporary Deputy Speaker, Sir, I am very happy with this Bill. I think it is a tremendous piece of legislation. I just wish to echo the clause that deals with the protection of the

deposits in the event of a failure. It is a tremendous clause. We are very happy with Clause 57. It is a very beautiful clause because it is the one that will ensure that, at least, people will not lose all their life savings in the event of a failure of any nature. The Deposits Guarantee Fund is a beautiful idea and let us keep it that way.

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

Mrs. Shabesh: Thank you very much, Mr. Temporary Deputy Speaker, Sir. Let me start by, of course, congratulating the Minister and saying from the outset that, I do support the Bill.

I would, however, like to digress a bit and raise my concern about the seriousness of this House on critical issues that are being debated here. I see that we are really not having a serious look into issues that I think affect this country. I really want to urge that when we have such critical Bills, we look critically into them because this is really where we are going to change the future of this country.

I have looked at this Bill which has been brought here. I would like to start by saying that, for me, the culture of saving must be promoted in this country. I believe that SACCOs have really improved the method of saving. Bringing in that culture of saving has been something that SACCOs have done over the years. I have been brought up in a culture where SACCOs are part and parcel of life. That is the area of Central Province. I am privileged to have been married in Western Province where there is no culture of SACCOs, and I have been able to see the difference. It is huge. I do agree with the Minister that we must find a way to introduce SACCOs in areas where they have not probably benefited.

I would like to speak on my pet subject, which is the young people. For me, if SACCOs could be the avenue through which young people could be encouraged to save, we would start seeing progress. I would like to compare this, for example, with the Youth Enterprise Development Fund which is being given to the young people of this country through the Ministry of Youth and Sports. I wish that the Government would learn from each other without having to re-invent the wheel. Sometimes, it is not necessary to re-invent the wheel. If the Youth Enterprise Development Fund had been given the same status or implementation as SACCOs have been, I believe that it would be definitely more effective than it is now. It would teach young people how to save. It would also be able to give out the very loans or money that the young people have saved to themselves so that they become responsible, rather than the Government giving billions of shillings to a Ministry to go and give to young people who do not even understand and appreciate the value of working for that money and saving. I would like to be bold enough to ask whether it would be possible - and I am glad to see the Minister of State for Public Service is also here - to really re-direct the Youth Enterprise Development Fund to the Ministry of Co-operative Development and Marketing. That is because, for me, that would be the beginning of seeing some realization of real entrepreneurship amongst the young people which they will appreciate and see its fruits.

I also want to talk about the Women Enterprise Development Fund. Women have had what we call merry-go-rounds for many years. I started a merry-go-round as a young girl and, up to today, I am a member of, I think, about ten merry-go-rounds. The merry-go-round is just saving money and giving to one particular woman in one month. Sometimes, you can save and get that money even after one year. But it comes as good money and it has been some sort of savings. This, again, for me would have been the basis on which the Women Enterprise Development Fund should have converted to. It should have converted to what women were already doing to help themselves. That, again, is a method like that of the SACCO. If women who are already saving with the merry-go-rounds were given the model of a SACCO, then, today, the Women Enterprise Development Fund, again, would have been more productive and benefiting them much more. This is because, again, SACCOs teach women to save and value their savings and profits. Again, I would be brave enough to ask whether even the Women Enterprise Development Fund can be

managed through the SACCOs and the Ministry of Co-operative Development and Marketing. I really do believe that those two funds that are supposed to reach the most vulnerable of our community, which is the women and youth, would be best placed in a Ministry that already has experience and success stories.

Mr. Temporary Deputy Speaker, Sir, what many of my colleagues here have said is something that I thought I would want to support. But I want to take off from where hon. Mungatana has just left; on the issue of having young people and women sit in the Board of the Authority. We always talk:

"You cannot do this because you are not experienced." Surely, at what point are young people ever going to get experience, if they can never sit in boards or authorities? When will women ever know how to run businesses or co-operatives for that matter, if they are not allowed to sit in those boards? I want to assure the Minister that they will not let you down. They are vibrant and have new ideas. They are probably even willing to work for longer hours than those whose criteria you have set down. I want to urge the Minister to work with the Ministry of Youth and Sports and the Ministry of Gender and Children Affairs on this and really partner! I have been talking about this issue of Ministries partnering. We should ensure that whatever gains or experiences that are gained through the SACCO are transferred immediately to the vulnerable people in this society who are, of course, the women and the youth. So, I really want to emphasise the point that Mr. Mungatana has made, that for us, it is the key.

Mr. Temporary Deputy Speaker, Sir, I would like to look at the issue of the industries in this country. I know that most industries have a love-hate relationship with employees because of not having enough funds to give the employees the kind of benefits that the employees would want to have. I have in mind, for example, the Export Processing Zones (EPZ) factories in Kasarani. I know that many of the workers have always come to us to complain, as politicians, of what they can do about the factories that are not looking into their needs. They do not give them medical cover or anything. I would like the Minister and his officials to approach factories and industries and encourage them to start SACCOs, because it is not their money; it is the money of the employees. Therefore, they will help the employees to get loans to do what they have not been able to do with the salaries that are inadequate. This, to me, is a culture that, if introduced even in the private sector, would help our labour force to access better with better benefits, because where SACCOs have succeeded you will find workers do not want to move out of a particular industry or company, even if they do not get very good salaries. This happens because of the benefits of being in a SACCO, they are willing to remain in that job. This is something that I think if sold well to the owners of industries and factories, we can improve the lives of the labour force in this country.

I also want to speak about what has been mentioned here about the Deposits Guarantee Fund and say that in the whole Bill, this is what is the most key aspect that has attracted many people to this Bill. The biggest problem we have in this country is for people to save their money under very painful circumstances and then lose it. Therefore, to see that there will be a Deposits Guarantee Fund is something that is very exciting. I would like to urge, as has already been done, that if you can find a way to increase that amount to allow for more savings, then, definitely, it will be something that the savers will appreciate.

Let me urge the Ministry to be very careful with political intrigues. We have seen many brilliant savings and credit societies go down the drain because of political interests. Mr. Githae asked how somebody could use millions to campaign for a position in a SACCO. Why would you use millions to campaign to get that position? I would like to urge that you use every means possible to ensure that we do not see the SACCOs going the same way that we have seen, for example, the boards of certain parastatals going because, then Kenyans will lose confidence in them. If Kenyans lose confidence in the SACCO movement in this country, then we will never

have hope of encouraging our Kenyans to save and invest. I really want that to be a key issue because we do not want to lose confidence in this sector.

Again, I want to emphasise Clause 32 that has been spoken about here, and I agree that it must be scrapped because as a woman and a young person, I can assure you that I have never been able to get a loan from any bank, even with the best idea or proposal. But with a SACCO, I can assure that I have been able to save and get a loan that has allowed me achieve the dreams that I had, as a young person and woman. Therefore, we must develop SACCOs to a level where if I want to go international in terms of trade, I can. If I want to write cheques, I should do that! I really believe that, that should not be an impediment at all. In fact, to me, that is a threat! It is a way to keep the struggling poor people of this country perpetually poor so that they do not reach a level where they will be in competition with the high and mighty. We must take SACCOs to the level of the banks in this country. That clause, therefore, must go!

Mr. Temporary Deputy Speaker, Sir, let me finish by saying that as we debate critical issues like this SACCO Bill that we are talking about, let us be very aware that these are the small things that change a country. We saw in India a certain gentleman getting the Nobel Peace Prize for a very noble idea. This is going to be a legacy that Kenyans will remember the Minister for. This will be a legacy for which Kenyans will be proud of this Government. This could be seen as a small issue, a SACCO movement growing and changing this country in small ways that make a difference. To me, these big things that we talk about in this House and outside, thinking that they are the most important, are not the most important. What is most important is how we are changing the life of that young man or woman who is on the ground. This is the only way in which we affect them. This is the only way in which we touch them. We do not touch them by arguing across the Floor about whether we should have an opposition or not. That is really irrelevant to the Kenyan people. What is relevant to them is how they get money, how they grow their families, and how they invest and move on. This is the Minister's legacy! I am proud to be associated with the Minister and this Bill. I support it and urge the Minister to continue being more innovative in the issue of SACCO and co-operatives, so that Kenyans can benefit. For once, let Kenyans benefit under this Government from their own savings and hard work. They should not just be told to work hard, but let us show them how their hard work can pay off.

With those few remarks, I beg to support.

Mr. M'Mithiaru: Thank you, Mr. Temporary Deputy Speaker, Sir. First, let me congratulate the Minister for Co-operative Development and Marketing for having moved with speed to bring this Bill to this House. Let me also congratulate the staff of the Ministry, led by the Permanent Secretary and the Commissioner for Co-operatives for devoting a lot of time to ensure that the Bill was ready in time to be brought to the House.

I would say that this is a very happy moment in that I have been associated with the co-operative movement for a long time. As the Minister said earlier, I was the Chairman of the taskforce that was drafting this SACCO Bill. I know that it was not easy. From the movement itself and the competitors, the road was long. The road was long and tough in that the SACCOs that we know today are actually financial co-operatives. Financial co-operatives in all respects are actually banks. Since they are in the banking arena, competing with the mainstream banking institutions, then definitely, you expect that the banks will not take it very kindly. It is in this respect that I would wish to say that one of our colleagues said that the SACCOs are not in competition with banks. I would like to say that they are in competition. If anything, it is the banks that have encroached into the area that was the preserve of the co-operatives. A few years ago, we saw most

of the mainstream banks, led by Barclays Bank, closing all their branches in the rural market centres. They closed them and the people who had been used to banking facilities woke up and

found that they did not have those facilities at all. It was the effort of the SACCOs that saved the situation. When the banks saw the way the SACCOs were succeeding in the area of mobilising savings, they have come back to those areas. You have seen that banks are now even opening branches in walk ways so that they can tap all these savings.

So, it is the banks that are encroaching on this area, and it is the banks, as far as SACCOs are concerned, that should receive no mercy at all, because they left the people alone at the hour of need. But when they realised that the small people whom they had left alone were the people with the deposits, then that was when they started coming back and saying that the SACCOs were trying to take the deposits which were their preserve. There is competition and the SACCOs must be ready to compete. It is in this respect that the current law, the Co-operative Societies Act, that governs the operations of the SACCOs, is deficient and there is need to come up with a law specific to the SACCOs. There is a need to come up with a specific law for the SACCOs that is going to give guidelines and prudential standards that are akin to what pertains in the banking world. It is the import of that, that this SACCO Bill is now in front of this House.

Mr. Temporary Deputy Speaker, Sir, the way the SACCOs have been operating and the members, in particular, have actually been at the mercy of the management committees. There were no hard and fast rules to govern their operations and set limits on how the committees did their job. But now, with the enactment of this Bill, it is going to give prudential guidelines. It is going to instill discipline in the management of the SACCOs. It is going to bring about the performance standards that are supposed to be observed by all the SACCOs.

Mr. Temporary Deputy Speaker, Sir, the role of the SACCOs today cannot be over-emphasized. We know that it is through those SACCOs that the poor people are now able to march from poverty towards the road of growth and development. We know that it is through the SACCOs that people have bought themselves some parcels of land, educated their children, started some businesses and all that. Those are the people who were not able to get loans from the mainstream banking institutions but, through their SACCOs, they have been able to grow. They have been able to get the loans. It is the same banks which were saying that the smaller people were not "bankable" because they are risky. But statistics available show that in the mainstream banking sector, what we call the default rate of non-performing loans is about 38 per cent. The default rate of the SACCOs is less than 5 per cent. That shows that the smaller people who were told that they were "unbankable", were actually the ones who were trustworthy and had financial discipline because they were able to pay their loans.

Mr. Temporary Deputy Speaker, Sir, I wish now to visit one or two areas in the Bill, itself. One of them is: The Bill is intended to licence and regulate certain SACCOs. I have no quarrel with that, but I would wish that, that area be attended to because what has been bedeviling the SACCOs is actually management. It is mismanagement and mismanagement! Whether it is a small SACCO or a big SACCO, mismanagement cannot be condoned! A smaller SACCO must be managed well to grow; not to kill it!

So, Mr. Temporary Deputy Speaker, Sir, I have said that while the Bill will attend to certain SACCOs, I would say that it should actually attend to all SACCOs. What the Minister may provide in the regulations is that there must be a threshold on which SACCOs should have what we call "site inspections". Again, the smaller ones should provide the off-site report to ensure that they are actually on the road towards prudent management. So, that is an element I will be proposing.

Mr. Temporary Deputy Speaker, Sir, the other one is on the core capital. That is because the Minister said that when the stakeholders met, they said that, that schedule should be cancelled altogether. But I have something to say on that. In the co-operative movement, the SACCO sector, we have people who have been in the management committees and are thrown out because of mismanagement. When they go out, they go and form small SACCOs. Then, within those small

SACCOs, they ride back to the national management of the co-operatives. They are those small SACCOs with a capital of about Kshs200,000 or Kshs500,000 to ride back and continue mismanaging! So, I would ask the Minister that, as we look into this Bill, this is an area that we should not cancel in total. But we should actually provide a minimum amount of capital to ensure that we do not bring crooks back through a back door.

Mr. Temporary Deputy Speaker, Sir, the other one is on the area of the prohibited business. I remember that when we met in my Committee earlier on, we had not provided for that. That is a clause that was brought in through the pressure from the banks themselves. They did not want the SACCOs to grow! But I have moved in many parts of this world, including the USA, where the SACCO movement is very strong. It is so strong that it is even the President of that country who actually appoints the management board of their regulatory authority. It is the SACCO movement of that country that most of the middle income and downwards of Americans all depend on. They are called the credit unions. In those credit unions, they will do all manner of businesses, including foreign trade, issuance of cheques and all that! I know that even today in our SACCO movement, there is even a programme of money remittance. It is called IR NET. This one is affording Kenyans who are in America to remit funds in Kenya. So, you can imagine if that facility was not there and those people are ready to remit the money to the country, then they will have no forum to do so because doing it through the main banking stream is very expensive!

To wind up, Mr. Temporary Deputy Speaker, Sir, so that I can give my colleagues a chance to contribute to this Bill, I would like to say that SACCOs in this country have to grow. The only way to grow is through this route! The establishment of the SACCO Authority will mean that the SACCOs will be regulated so that, in all the management of their activities, they will be able to instill discipline of financial management. The Authority will be able to vet the people in the senior management of the SACCOs. It will be able to vet the people who will be appointed in the board of the SACCOs, to ensure that they are fit and proper to manage those co-operative financial institutions. It is also through the report that the SACCOs will be serving the authority and also, the on-site inspections that will give early warning signs in the event that a SACCO is being mismanaged. There will be early warning signals to ensure that corrective measures are taken as early as possible, unlike today, when a SACCO can be mismanaged to the extent of collapsing and even members losing their savings before it is realized that it is being mismanaged. So, the Authority will afford the opportunity to have early warnings signs for any mismanagement in SACCOs to be detected.

Mr. Temporary Deputy Speaker, Sir, somebody has mentioned that in the appointment of the board of the Authority, the four board members who will be appointed besides the Governor, the Permanent Secretary and the Commissioner--- Why are they not coming from the movement itself? I would say that regulation is not punishment. It is meant to instil discipline. Normally, to appoint people who are already serving in the movement to be Board members of the Authority is not giving what we call the draw control. For example, if there is a Board member of a SACCO who also becomes a Board member of the Authority, suppose that SACCO is mismanaged, it presents a very awkward situation. Therefore, those calling for the movement to include the four Board members should get their priorities right.

Mr. Temporary Deputy Speaker, Sir, I would like to mention in passing that, since SACCOs are vehicles to drive people out of poverty and they provide almost 30 per cent of the financial needs of Kenyans, the Government's hand should be seen in this. The Government should ensure that they promote SACCOs. One way of doing this is by ensuring that SACCOs get certain tax exemption. Like I mentioned, in the United States of America (USA), SACCOs have tax exemptions so that they can provide for the people well. We know that SACCOs are not in business. SACCOs have a human face. The difference between SACCOs and the mainstream

banks is that they have a human face; they listen to the people. They are affordable. If that be so, the Government's hand should be seen; tax matters should be adequately addressed to ensure that they serve the people well.

With those few remarks, I would like to say that this is my happiest moment when I see this Bill become an Act.

I beg to support.

Mr. Bett: Thank you Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to address my mind to this all-important Bill.

This Bill has been pending since the year 2003. That is when it first came to the Committee on Land, Agriculture and Natural Resources, which I chaired then and also this time round. I want to thank the Minister, Mr. J. Nyagah, for fast-tracking and seeing that this Bill comes to the House, is debated and enacted thereafter.

Mr. Temporary Deputy Speaker, Sir, the reason why this Bill was held for that long, was because of interests of various individuals in the country. The other reason was that SACCO members were not agreeing on some formulations or provisions in the Bill. I now believe, after listening to the stakeholders when we asked them to come before the Committee, that they agreed widely on the issues which were of disagreement before.

What then is in a SACCO? What are the merits of these institutions? In its raw form, merry-go-rounds, normally practised by our *mamas* in the villages, are some kind of SACCO. I remember in my home, the first house built of corrugated iron sheets was out of a merry-go-round arrangement between my mother and her fellow women. There is value in this. It gave us a house which was not there before. This was a house which was properly roofed and we were not rained on again. Therefore, there is benefit in it.

Mr. Temporary Deputy Speaker, Sir, the other issue is that of poverty alleviation. Imagine my Kshs2 combined with another Kshs2 from another member. Sooner or later, it becomes Kshs10,000. Kshs10,000 enough to buy a cow. This cow will give me milk which I will sell and get money for my up-keep at home. That is alleviation of poverty at the household level. SACCOs can easily do that. That is why I support that this Bill be passed, so that the management of SACCOs is properly rationalized, controlled and regulated, so that nobody plays games with our people. It also creates employment in the sense that if it is a SACCO managing agricultural produce, it is going to encourage the farmers to do more on their land, because there is a society that is going to handle that produce for easy marketing. So, in the process, many people will be employed in the farms, be it on the crop or livestock side. There is also the agri-business, which will be a consequence of good farming practices. That again will create employment for our youth. The youth in this country require employment. SACCOs can be a source of employment, apart from being a tool for the creation of wealth by way of encouraging savings, which is a good culture for any developing country. Savings can be used in future for whatever purpose that a community or family will have.

Mr. Temporary Deputy Speaker, Sir, SACCOs which we are saying are very arrangement, must be managed. That is the meaning of this Bill. They must be properly managed. This country is already full of collapsed SACCOs. We do not have to have more SACCOs collapsing, because they go down with people's money and reduce employment amongst our people. It again discourages people, but if we manage them well, they will, as a colleague said, be like in the United States of America (USA), where SACCOs have existed for many years, because they are properly managed. A law that is to be introduced must look at that critically.

I want to say that my Committee has looked at this Bill and we are convinced that it is a good Bill; with the contribution of hon. Members, it can even be made better, stronger and a law that will stand the test of time. It will even prevent such things like pyramid schemes, which do

come when there is a vacuum in a system of financial management. If we have a very strong SACCO movement in place, people will not see sense or reason to go into pyramid schemes, which we are aware have milked people, caused frustrations and havoc to our people in the countryside.

Mr. Temporary Deputy Speaker, Sir, in my constituency one pyramid scheme came and people joined it. These pyramid schemes come through the church, because their operators know that it is easy for people to believe them. When they came they were like church organizations, and at the end of the day they took from my people of Bureti in excess of Kshs100 million and then collapsed. We can easily avoid such things if we strengthen and broaden regulations for these institutions.

If we do not have regulations which are strong to manage them, we will go the same way as the SACCO in my constituency went. That is the Bureti Tea SACCO. They did not follow the rules. We have tried as much as possible to devise punitive measures that will prevent any person from within or outside the institution from interfering with the management of the SACCO. Today, Bureti Tea SACCO is on its knees, because of the non-existence of legislation for controlling or managing the SACCO and thus assist those farmers.

We also do not require complex rules and regulations. I know a colleague of mine said that some Schedule should be deleted. The more complex a situation is, the more it becomes an avenue for fraudsters, and provides a chance to people who think they are wiser than others to use and defraud the unsuspecting society members. Let us make the rules to be as simple and protective as possible. The moment we make them complicated, the society members will be robbed of their savings.

Mr. Temporary Deputy Speaker, Sir, I want to confirm that my Departmental Committee on Agriculture, Land and Natural Resources, which has an oversight role over the Ministry of Co-operative Development and Marketing, has looked at this Bill. We are only waiting for what hon. Members will say. We are ready to make our recommendations for the enactment of this Bill.

With those few remarks, I support the Bill.

Mr. Ombui: Thank you, Mr. Temporary Deputy Speaker, Sir, for according me this chance to contribute to this very important SACCO Bill.

Mr. Temporary Deputy Speaker, Sir, as Members have said, SACCOs form a big proportion in terms of the Gross Domestic Product (GDP) of this country. They form a key sector that tries to eradicate or reduce poverty among the local communities. The SACCO movement has come a long way until this level now, where we have a SACCO Bill being discussed in Parliament. The SACCO Bill is a very important document and, with a few amendments, it can drive this country to greater heights in terms of reduction of poverty among the rural sector. The SACCO Bill No. 12 of 1997, which was preceded by the Sessional Paper No.6 of the same year, set the standards which all the SACCOs were supposed to follow, in order for them to develop and, at the same, advance in terms of the share capital for their members. The SACCO Bill of 1997, indeed, created an environment which, in most cases, was important in trying to allow SACCOs to manage themselves in order to advance the benefit to the members. But, unfortunately, some of the SACCOs never took off. Some SACCOs, where there was prudent management, as it was spelt out in the Sessional Paper No.6 of 1997, were able to take off and most of them now are like moving banks.

Mr. Temporary Deputy Speaker, Sir, we do appreciate the amendments that were done. They gave birth to this Bill in the year 2004. At that time, the stakeholders were called to give their input as far the development of the SACCO Bill was concerned. Some changes were proposed. After going through this SACCO Bill, I found out that if we can make some changes in some specific areas, we could develop this Bill to become a very important document which can assist the development of SACCOs in Kenya. There are some areas which we should take into account,

so that we may not go against the principle of members controlling their institutions. The ultimate role of the SACCO is to ensure that members have a say, so that they can be able to control their finances. We should bear in mind that whatever is saved in the SACCOs is from the members.

Mr. Temporary Deputy Speaker, Sir, the Bill provides for the SACCO Service Authority and the Board of Trustees. These bodies which have been mentioned here must be taken seriously in the sense that members must be supported. That way, they will be able to control the management of their SACCOs by ensuring that whoever is appointed to the SACCO Service Authority and the Board of Trustees is under their control. If the Minister for Co-operative Development and Marketing intervenes in a matter and fails to control these bodies, then there will be a total mess in the SACCOs. You might find that the individuals who are going to be appointed to run these specific bodies have no financial interest. If you do not have a financial interest in an institution, then you will not take care of it because there is nothing you will lose because you do not subscribe any funds to that institution. So, the composition of the individuals who are going to be appointed to these bodies must be taken into account. They must come from the co-operative movement.

You remember that in the early 1980s, a lot of parastatals went under due to mismanagement. This is because the individuals who were running them did not have any financial interest in them. So, the most important thing is to ensure that people in control of SACCOs are appointed to these institutions. SACCOs are not at the same level in terms of management. We need to introduce minimum professional standards which are acceptable by the World Council of Trade Unions. All SACCOs must observe those professional standards. They were introduced in Kenya in 1984, but they have not been implemented yet. If we have to implement this law, we must make sure that all SACCOs have incorporated in their management structure the professional standards which will guide them so as to ensure that they are operating at an acceptable specific level.

Mr. Temporary Deputy Speaker, Sir, the biggest problem facing the SACCO movement is double taxation. Most SACCOs which are formed from the formal employment derive money from remittances made by members. When the SACCOs operate, they make some surplus which is also taxed. When you go through the Bill, there are so many levies and penalties being introduced. We know that most of the SACCOs are managed by people who are not professionals. If we allow this to pass like this, it means that SACCO members will suffer unless the people elected to specific positions are knowledgeable as far as the penalties are concerned. I would like to request the Minister to revisit this issue. He needs to relook at the penalties and levies that are in this Bill so that they are either reduced or scrapped all together. These things can be introduced much later when SACCOs will have developed to a certain level.

According to my experience, what I see here is that the Authority may not have the capacity to regulate and supervise all the SACCOs in Kenya. It requires enormous money for this Authority to be put in place. We will also be required to employ experts in this Authority who will be able to run the SACCOs.

Mr. Temporary Deputy Speaker, Sir, moreover you may find that there is what you will call as duplication of services due to the fact that you have got the Department of the Commission of Co-operative Development in Kenya. Unless these duties are properly defined, then we have duplication of services and duties at the same time which may overlap each other. More importantly, the individuals who are going to be in this Authority, as I have said earlier, may not have any financial interest in the same.

When you look at the Act, the SACCOs have not made a difference between shares and what you call the deposits. We request the Minister at this specific point to ensure that the management of SACCOs is able to differentiate between the shares and the deposit so that at any

given moment you may not create a conflict between the members and the management of these SACCOs.

Mr. Temporary Deputy Speaker, Sir, on the side of the deposit which will not be surrendered to the Deposit Guarantee Fund, there is also some weakness here in the sense that there is no specification as to how much is supposed to be contributed by a member and at the same time from which specific vote because members are very much aware that whatever they have saved in the SACCOs, they are going to withdraw the whole amount at the end of the period. However, if some specific amount of money is kept in the Deposit Guarantee Fund, then that is going to be a big problem. I request the Minister at this specific point to ensure that this kind of deposit must come from the reserve of the SACCO but not from the members themselves because if we take the money from the members then we can just discourage them and this will defeat the principle or objective of unity among the members.

Mr. Temporary Deputy Speaker, Sir, so, definitely we have to get the money from the reserve and it must be specified. The Bill gives a blanket cheque to the Authority to fix any specific amount of money that they may wish to. If we have people who do not have the morale of trying to ensure that members are saving for their own benefit, you can fix any amount. So, I request the Minister at this specific point to specify how much they are supposed to contribute at a given proportion in terms of percentage. If it is going to be too much, then it is going to affect the liquidity position of the SACCOs which at the same time will go against the principle of assisting the members of that specific institution.

Mr. Temporary Deputy Speaker, Sir, we need to realise at any given moment that the SACCOs are basically meant to invest between 70 per cent and 80 per cent of their share capital in terms of loans to members and this principle must be clearly observed because it is internationally acceptable by the World Council of Credit Unions and at the same time, all those SACCOs which have observed this principle are now institutions which at any given moment of time you can admire and invest money in.

At the same time, on the side of the board of trustees, the four individuals who are going to come from outside, as I have said earlier, have no financial interest in these institutions. I recommend that the individuals who are going to be appointed to this Board must come from the co-operative movement. The appointment can be done by the Minister but these individuals must be those people who are in the co-operative movement and who can assist the SACCOs to improve in their performance.

At the same time, one of the greatest fears of that Deposits Guarantee Fund is that it might work in salvaging the dying SACCOs to the detriment of the vibrant SACCOs. It must be very specific as to when a SACCO is supposed to be saved, when it is going under. In some specific areas, you may find that the culture of taking money from the SACCOs without any proper repayment are making them go under. Likewise, total mismanagement of those SACCOs is there. So, in this case, if we are to assist all the SACCOs to grow, both vibrant ones and those which are starting, we must have a very clear rule that can guide the SACCOs in terms of management. We must set standards which must be legally observed.

More importantly, the SACCOs need to be prepared before the law comes into effect. We must set standards and understand what type of SACCOs are going to be licensed, before licensing them. That can be done properly if the Bill is made to fit the needs of the members. At the same time, the stakeholders should also be allowed to give their contributions.

I do appreciate that the Bill is good. But with some amendments, we can have it steering the SACCOs to greater heights and, at the same time, assist them to reduce poverty amongst the local people.

Mr. Temporary Deputy Speaker, Sir, with those few remarks, I beg to support the Bill, but

with some amendments in the specific areas that I have mentioned.

Mr. Kathuri: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this golden opportunity, although belatedly, to make my contribution.

The SACCO movement plays a very significant role in this country. I want to thank the Minister for having brought this Bill here, so that we can debate it. It is a very wise idea. It is long overdue. We should have done it earlier. If I may even talk about myself, were it not be for the co-operative movement, I do not think that I would be in this House. That is for sure.

The Bill captures all the issues very well. I want to say that whoever sat and deliberated over the whole issue did a good job. For that matter, they deserve a pat on the back. But, alongside that, there are a few comments that I would like to make.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): You can make them on Tuesday because the time for the adjournment of the House is now. You will have 28 minutes when we resume on Tuesday.

Hon. Members, the House is, therefore, adjourned until Tuesday, 14th October, 2008, at 2.30 p.m.

The House rose at 6.30 p.m.