

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 6th November, 2001

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPER LAID

The following Paper was laid on the Table:-

The Report of the Departmental Committee on Health, Housing, Labour and Social Welfare on the Children Bill, 2001.

(By Dr. Kulundu)

NOTICE OF MOTION

ESTABLISHMENT OF PARLIAMENTARY
SERVICE MORTGAGE SCHEME FUND

Mr. Khamasi: Mr. Speaker, Sir, I beg to give notice of the following Motion:-

THAT, pursuant to Section 18(4) of the Parliamentary Service Act, this House resolves to establish a Parliamentary Service Mortgage Scheme Fund.

ORAL ANSWERS TO QUESTIONS

Question No.341

BURNING OF MATATU BY HOMA BAY OCS

Dr. Ochuodho asked the Minister of State, Office of the President:-

- (a) whether he is aware that the Officer Commanding Police Station (OCS), Homa Bay, recently set on fire a matatu at the town's bus park by throwing a tear gas canister into the vehicle; and,
- (b) what action has been taken against the said officer.

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

- (a) The OCS, Homa Bay, did not lob a tear gas

canister into the matatu as alleged. Moreover, tear gas canisters do not cause fires, but only emit some noxious gas that irritates eyes.

(b) Investigations aimed at establishing the cause of the fire that consumed a nissan matatu, registration No. KAJ 938G, were conducted and the file was forwarded to the Provincial State Counsel for advice.

Dr. Ochuodho: Mr. Speaker, Sir, I must congratulate the Minister for being loyal to the Chair today and coming early. Be that as it may, it is very unfortunate that the Minister has said that the police are not responsible for the fire that consumed this vehicle. Could he tell the House why it is alleged that touts and drivers were rioting? This is because they were not rioting. Why were they rioting since the Minister has claimed that they were rioting?

Maj. Madoka: Mr. Speaker, Sir, on 29th March, 2001, matatu touts and drivers plying the Homa Bay-Migori route staged a riotous strike at the bus park at about 11.a.m. The group had parked about 30 nissan

matatus directly opposite the bus park, blocking the main road. They were protesting the charging of Kshs30 for each nissan matatu and pick-up and Kshs100 for each bus by the Homa Bay Municipal Council. So, there was some commotion in that place.

Mr. Ndicho: Mr. Speaker, Sir, the Minister has admitted that the cause of the fire was investigated and the inquiry file was forwarded to the Provincial State Counsel. Could he tell us what those investigations revealed? We want to know what caused the fire that burnt the nissan matatu.

Maj. Madoka: Mr. Speaker, Sir, I have said that the inquiry file has been forwarded to the Provincial State Counsel, who will advise. I do not think I can say the exact cause of the fire yet.

Dr. Ochuodho: Mr. Speaker, Sir, unless the Government has something to hide about the actual cause of the fire, I do not see why the Minister should not answer the question posed by Mr. Ndicho. But be that as it may, why did the police find it necessary to beat up those touts and drivers if **[Dr. Ochuodho]** they had a legitimate reason to strike? These touts and drivers staged a peaceful demonstration. Why did the police have to beat them up and cause the commotion that resulted in the fire that consumed the nissan matatu?

Maj. Madoka: Mr. Speaker, Sir, it is not correct to say that the touts and the drivers were peaceful. There is a difference between bus and matatu operators. They were all fighting and throwing pellets at the police officers. The police officers found it necessary to try and disperse them.

Question No.487

COMPLETION OF POLICE DOG SECTION PROJECT

Mr. Speaker: Is Mr. Manyara not here? We will leave his Question until the end.

Question No.492

COUNTRIES IN DEFENCE PACT WITH KENYA

Mr. Speaker: This Question by Mr. Leshore is deferred to next week.

(Question deferred)

Question No.579

REPAIR OF GIAGATIKA-SAGANA ROAD

Mr. Wamae asked the Minister for Roads and Public Works:-

(a) whether he is aware that the tarmac road from Giagatika, Kiamariga Market, Sagana State Lodge to Chaka is in a poor condition; and,

(b) when he is going to have this road repaired to save it from complete destruction.

The Assistant Minister for Roads and Public Works (Mr. Mokku): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the tarmac road from Giagatika, Kiamariga Market, Sagana State Lodge to Chaka is in a poor condition.

(b) The road was not included in this financial year's workplan. However, my Ministry will continue to undertake routine maintenance of the road to maintain it in a motorable state.

Mr. Wamae: Mr. Speaker, Sir, this is a very important road. It is a tarmac road at present but it is being murramed. The Ministry is putting murram on a tarmac road. This road goes to Sagana State Lodge and also to Mountain Lodge, which is a tourist attraction. What will the Assistant Minister do to give priority to this road so that it can remain a tarmac road?

Mr. Mokku: Mr. Speaker, Sir, I said that I do not dispute the fact that this road is important. Actually, this road is one of the most important roads in that area and the Ministry will continue maintaining it and this will be the priority of the Ministry during the next financial year.

Mr. Michuki: Mr. Speaker, Sir, would the Assistant Minister agree that to use murram to repair a tarmac road is a waste of money which is scarce?

Mr. Mokku: Mr. Speaker, Sir, any material that does not measure to standard is classified as a waste.

Mr. Wamae: Mr. Speaker, Sir, would the Assistant Minister let this House know how much money the

Ministry has budgeted for this road during the next financial year? Since he has said that the Ministry will give that road priority during the next financial year, how much money does it intend to spend on that road?

Mr. Mokku: Mr. Speaker, Sir, the Provincial Engineer in charge of roads, in Central Province, is working on those figures.

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

Mr. Speaker: Yes, what is it?

Mr. Angwenyi: On a point of order, Mr. Speaker, Sir. In the current budgetary system, the Medium-Term Expenditure Framework (MTEF), Ministries budget for a three-years circle. So, the Ministry for Roads and Public Works should be able to know the amount it will spend on road projects during the next financial year and the year after. Is the Assistant Minister in order to mislead this House that they are working out the figures for that road during the next year?

Mr. Speaker: Mr. Angwenyi, that is a supplementary question and not a point of order! In any case, the circle could begin during the next financial year. Mr. Mokku, would you like to say anything on that?

Mr. Mokku: Mr. Speaker, Sir, I have said that we are working on what will be required during the next financial year. Actually, the hon. Member is demanding to know the amount of money we intend to use during the next financial year and yet that was not part of the original Question. Unfortunately, I do not have those figures here now.

Mr. Wamae: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to say that the road will be given priority during the next financial year, when he cannot give an indication as to how much the Ministry intends to spend on this road? However, he should also take into account the fact that this road goes to Sagana State Lodge and he should realise that His Excellency the President does not come to Sagana State Lodge by road any longer, but by a helicopter. People in that area are very much disappointed because they do not have a chance of seeing the President any more because he does not come there by road.

Mr. Mokku: Mr. Speaker, Sir, as I speak here now, the road in question is passable. As a Ministry, we are trying to put that road back to its original standard. I do not have the budgetary figures for the 2002/2003 financial year. I have said that the Provincial Roads Engineer, Central Province, is working on the figures.

Mr. Speaker, Sir, I can state the figures now, but between now and the year 2003, there would have been a lot of changes in terms of the value of money and this will affect the amount of money needed to complete that road. So, I cannot give a concrete figure now.

Question No.463

MEASURES TO CONTROL MATERNAL
MORTALITY RATE

Dr. Kulundu asked the Minister for Medical Services:-

- (a) whether he is aware that Kenya's maternal mortality rate is among the highest in the world;
- (b) whether he is further aware that unsafe abortions greatly contribute to this; and,
- (c) what plans he has to alleviate this state of affairs.

The Assistant Minister for Health (Dr. Wako): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware that Kenya's maternal mortality rate is among the highest in the world. I am, however, aware that the estimated maternal mortality rate in the country is 590 per 100,000 live births.

(b) I am aware that unsafe and illegal abortions contribute to 30 per cent of the maternal mortality rate.

(c) The Government has put in place interventions for safe motherhood which include the following:- (a) Reproductive Health Programme, (b) Family Planning, (c) Community-based health care programmes, (d) Nutrition programme, (e) Screening of cancer of the cervix, (f) Free ante-natal care up to dispensary level, (g) Intensification of supervision to weed out illegal clinics where unsafe abortions are carried out, and lastly, (h) Improvement of referral systems.

Dr. Kulundu: Mr. Speaker, Sir, I am surprised that the Assistant Minister does not know that Kenya's mortality rate is the highest in the world. It is the highest at a rate of 600 deaths per 100,000 live births and, I can avail documentary proof to that effect.

Mr. Speaker, Sir, in fact, this Ministry has been so concerned about the high maternal mortality rate that, it commissioned a task force in conjunction with the DFID and the European Community, to come up with the law that would alleviate this problem. As I said last week, 50 per cent of the maternal mortality rates in this country

are due to unsafe abortions. With the Chair's permission, let me read just part of what this task force recommended to this Ministry.

Among other things, it says:-

"Here then is a case where the cost of stubbornly retaining a law against the weight of all social and medical evidence far outweighs the perceived moral and legal need for retaining the law in our books, more so, in the worrying scenario, where pregnancies among teenagers continue to rise in this country. Our suggestions for the removal of restrictions to facilitate safe abortions in safe grounds are a direct response to the concerns of health sector reform proposals with reference to reproductive health, where the biggest problem is the high maternal mortality rates, of which unsafe abortions account for more than 50 per cent of the established rates."

Mr. Speaker, Sir, that is the recommendation of the experts appointed by the Ministry, in conjunction with DFID and the European Community. Since the Assistant Minister has been reminded of what he already knows, what specific action is he going to initiate to amend the current abortion law in Kenya?

Dr. Wako: Mr. Speaker, Sir, I would like to mention that it is not true that Kenya has the highest maternal mortality rate in Africa. In other African countries, like Central Africa, we have 1,100 deaths per 100,000 live births. In Morocco, we have 1,100 deaths per 100,000 live births, while in Guinea Bisau, we have 910 deaths per 100,000 live births. So, Kenya's case is far much below what we have in most African countries, as indicated by the foregoing examples. Therefore, Kenya's maternal mortality rate is not the highest in Africa. With regard to illegal abortions, so many people are of the opinion that the law has to be changed. The Ministry is taking that fact into consideration.

Indeed, the Ministry will soon hold a seminar to review all the penal codes in the Ministry in order to see how best we can rectify that situation.

Mr. Maitha: Could the Assistant Minister guide this House, following the answer he has just given, why Kenya has so many street children, if the country does not have the highest birth rate?

Mr. Speaker: Order! Order! Mr. Maitha, are you suggesting, by any chance, that abortion has led to an increase on the number of street children? I think you are irrelevant!

Mrs. Mugo: Mr. Speaker, Sir, I am surprised to hear the Assistant Minister give examples of other countries which have equally high or higher maternal mortality rates. It is a well-known fact that Kenya is among the countries with the highest maternal mortality rates. I think the Assistant Minister has avoided to answer the hon. Member's Question. We do not have to compare ourselves with other countries. Could the Assistant Minister tell this House why, up to now, we have the highest maternal mortality rate, considering the fact that we have high levels of education and health facilities in Kenya?

The hon. Member has asked a very good question. Considering the fact that recently the Government tried to withdraw free post-natal, ante-natal and health services for children under five years-- I am happy now, the Ministry has reinstated those services after a hue and cry.

Dr. Wako: Mr. Speaker, Sir, actually, we have the information for all the countries in Africa, and we are not saying that our rates are not high, but they are not the highest in Africa.

Mrs. Mugo: So, what are you doing?

Dr. Wako: Mr. Speaker, Sir, like I have said in my answer to part "c" of the Question, we offer reproductive health care at the district level. We have also given free antenatal services and screened for cancer of the cervix to ensure that this does not happen. We have also initiated nutrition programmes, apart from the many other things, which are being done by the Ministry.

Dr. Kulundu: Mr. Speaker, Sir, the measures that the Assistant Minister has outlined are not new. In fact, they have been practised for 30 years. Since the abortion rate is escalating, the Assistant Minister has said that he will convene a meeting with stakeholders and so forth, but the Kenya Medical Association (KMA) says that 83 per cent of the gynaecologists feel that the current law contributes to the high number of unsafe abortions, and 70 per cent would like the law to be changed to make safe abortion services available on demand. What other forum does the Assistant Minister think of convening when the experts in this field strongly feel that the law is restrictive and it contributes to the very many complications of abortion that he should know of?

Dr. Wako: Mr. Speaker, Sir, it is true, like he has said, that only 3 per cent of the gynaecologists are for abortion, while others are not for it. The Chair knows that there are so many religious people who are against abortion, and the fact is that this a debatable issue.

Dr. Kulundu: On a point of order, Mr. Speaker, Sir. The Assistant Minister has got my percentage wrong. I said 83 per cent of the gynaecologists feel that the current law contributes to the high number of unsafe abortions and not 3 per cent.

Mr. Speaker: Order! I think the whole world, and not this House alone, is divided on whether abortion should be legalised or not, if it saves the life of the mother. This is a continuing debate in the whole world. I do not think we can conclusively decide over this matter during Question Time. So, that should rest that matter there.

Mr. Mwenje: Mr. Speaker, Sir, Mr. Gatabaki told me that he would be late because his daughter will be wedding soon. He requested me to ask---

(Laughter)

Mr. Speaker: Mr. Mwenje, are you satisfied that, that is a good enough reason to the Chair?

Mr. Mwenje: Yes, Mr. Speaker, Sir. I will invite all hon. Members of this House to that wedding.

(Laughter)

Mr. Speaker: Order! Order! Do not make this House domestic! Send cards to hon. Members! Do you have his permission to ask the Question on his behalf?

Mr. Mwenje: Yes, Mr. Speaker, Sir.

Question No. 164

MEASURES TO INCREASE NAIROBI
HEALTH CARE FACILITIES

Mr. Mwenje, on behalf of **Mr. Gatabaki**, asked the Minister for Local Government:-

(a) whether he is aware that the City of Nairobi with a population estimated at about three million has only 25 health centres and 44 dispensaries;

(b) whether he is further aware that the lack of facilities poses grave health hazard to the residents of Nairobi; and,

(c) what measures he is taking to address the provision of adequate public health care facilities in the City.

Mr. Speaker: Is anyone here from the Ministry of Local Government?

Mr. Manyara's Question for the second time!

Mr. Manyara: Mr. Speaker, Sir, I apologise for coming late.

Question No. 487

COMPLETION OF POLICE DOG SECTION PROJECT

Mr. Manyara asked the Minister of State, Office of the President:-

(a) whether he is aware that the police dog section housing project has stalled; and,

(b) when the project will be completed.

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

(a) The police dog section housing project has not stalled as alleged. The contractors are still on site.

(b) What has caused the delay is just the installation of electricity, which is about to be completed.

Mr. Manyara: Mr. Speaker, Sir, what the Minister has said is very correct. The project was completed in 1998, and this is the fourth year. Does the Minister want this House to believe that, for the last four years, they have been installing electricity?

Maj. Madoka: Mr. Speaker, Sir, it is true that the project has taken a little long, but I have said that the installation of electricity is about to be completed.

Mr. Muchiri: Thank you, Mr. Speaker, Sir. This is not the only police project that has stalled. In Industrial Area Police Station, over five years have elapsed and nothing has been done. There is another project at the National Youth Service (NYS), Ruaraka, which has stalled for ten years, not forgetting the Ongata Rongai Project.

Could the Minister explain why those projects have stalled for all those years at the expense and suffering of the police officers who do a very important job for the Kenyan society?

Maj. Madoka: Mr. Speaker, Sir, I think last week I answered a Question on the various stalled

Government projects, including police lines. I also explained that we are trying to raise the requisite funds to complete those projects.

Mr. Manyara: Mr. Speaker, Sir, as we know, police officers do a great service to this country and to us, except when they beat us. These are very important people, and I would like to urge the Minister to hurry up and ensure that the police dog housing project is supplied with electricity within the next one week. There are so many things that we would like the police to enjoy. Last week, the police officers who were transferred to Nakuru could not be allocated houses to live in, because four to five police officers share one room. When will this project be completed?

Maj. Madoka: Mr. Speaker, Sir, I do appreciate the hon. Member's concern. We are equally concerned about the accommodation of the police, but I cannot give a definite date as to when the police dog section housing project will be completed.

Mr. Speaker: Mr. Gatabaki's Question for the second time!

Mr. Gatabaki: Mr. Speaker, Sir, I had given Mr. Mwenje authority to ask my question on my behalf. However, I would like to---

Mr. Speaker: Where were you?

Mr. Gatabaki: Mr. Speaker, Sir, I was caught up in a major preparation of our wedding.

(Laughter)

Mr. Speaker: Order! Where is Mr. Mwenje?

(Mr. Mwenje stood up next to Mr. Gatabaki)

Obviously, the two of you are colluding! The two of you should never be heard by the Speaker complaining about Ministers being absent, because they too could be preparing for the weddings of their children! Mr. Gatabaki, proceed now!

Mr. Gatabaki: Thank you, Mr. Speaker, Sir, for accepting my apology and the explanation given by Mr. Mwenje.

Question No. 164

MEASURES TO INCREASE NAIROBI
HEALTH CARE FACILITIES

Mr. Gatabaki asked the Minister for Local Government:-

(a) whether he is aware that the City of Nairobi with a population estimated at about three million has only 25 health centres and 44 dispensaries;

[Mr. Gatabaki]

(b) whether he is further aware that the lack of facilities poses grave health hazard to the residents of Nairobi; and,

(c) what measures he is taking to address the provision of adequate public health care facilities in the City.

Mr. Speaker: Is anyone here from the Ministry of Local Government? What do you say, Mr. Gatabaki?

Mr. Gatabaki: Mr. Speaker, Sir, I do not know whether the Minister is also preparing for a major wedding. But in view of the fact that he is not married yet, we must impress upon the Government to answer Questions. The onus is on the Government to be here to answer Questions.

(Laughter)

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. In view of what you have said, I had to rush to Mr. Gatabaki to give him a copy of the written reply from the Minister. That is what I was doing there.

Mr. Speaker: All right, maybe, they too are in a wedding! That is the last time I want to hear about any wedding in this House. Weddings notwithstanding, will I defer the Question to next week or this week?

Mr. Gatabaki: Mr. Speaker, Sir, you have again and again implored upon the Government for the Ministers to be here to answer Questions. I do not know what we shall do to this Government because you can see

the scarcity of the Ministers. The Vice-President is there, but he has been scared by the young Turks. It is for you to give a ruling.

(Laughter)

Mr. Speaker: Order! Today, I will not make any ruling because you went domestic. So, I will defer the Question to Thursday this week. The Minister should be told there will be no domestic affairs on Thursday.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

CLASH BETWEEN THARAKA AND TIGANIA PEOPLE

(Mr. Mwenda) to ask the Minister of State, Office of the President:-

- (a) Is the Minister aware that on 22nd October, 2001, a serious fight broke out at Kunati Market involving the people of Tharaka on the one hand and those of Tigania on the other, where scores of people were injured and property stolen?
- (b) What circumstances led to the fight?
- (c) What measures have been put in place to ensure that there is no recurrence of such an incidence as the tension is still high?

Mr. Speaker: Is Mr. Mwenda not in? The Question is dropped!

(Question dropped)

Next Question, Mr. Kimeto!

DISRUPTION OF KAPCHEPKORO PRIMARY SCHOOL HARAMBEE

Mr. Kimeto: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President the following Question by Private Notice.

- (a) Why was the Harambee for Kapchepkoro Primary School in Sotik Constituency, by Councillor Maritim of Kapchepkoro Ward, disrupted by police on 15th June, 2001?
- (b) Could the Minister consider compensating Kapchepkoro Primary School with an amount of Kshs300,000 which was expected to be raised by the guests of honour that day?

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

As the House will recall, I did answer this Question and, again, my colleague did try to answer it. The House wanted to know the leader of the other group. I want to apologise to the House. It would appear that the police officers overreacted. There was a group of youths who were going round shouting and wanting to disrupt this particular rally. It was not led by any particular individual and the police overreacted without having checked what was going on. So, I do apologise to Mr. Kimeto.

Mr. Kimeto: Mr. Speaker, Sir, since the Minister has apologised, could he, therefore, be sympathetic enough and give Kapchepkoro Primary School Kshs300,000 because the police are the ones who disrupted the Harambee?

Maj. Madoka: Mr. Speaker, Sir, I thought Mr. Kimeto was a good Christian and I think once he forgives and accepts the apology, he should not demand any money. But in the first place, no Harambee took place and maybe no money would have been raised. They can set another date for the Harambee and I will send him my personal contribution.

Mr. Kimeto: Mr. Speaker, Sir, I thank the hon. Minister. Could he give me a time frame within which he will bring the Kshs300,000?

Mr. Wamae: On a point of order, Mr. Speaker, Sir. In view of the fact that the Minister has asked for forgiveness and has confessed that a mistake was done, what action is he going to take to reprimand or punish the officer who was in charge?

Maj. Madoka: Mr. Speaker, Sir, already a letter has been written to him warning him to be a little bit

more cautious.

Mr. Speaker: Very well!
Next Question, Eng. Toro!

ATTACK ON MR. MAINA MURIOGA

Eng. Toro: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President the following Question by Private Notice.

(a) Is the Minister aware that Mr. Paul Maina Murioga of Kariua Sub-location in Ruchu Location of Kandara Division was attacked and seriously injured on 7th February, 1999, by Mr. Peter Muigai Kairu after a land dispute, and that the matter was reported to Gacharage Police Base?

(b) Is he further aware that as a result of the attack, Mr. Maina is now disabled as he lost one leg?

(c) Is the Minister further aware that the victim, Mr. Maina, was chased away from his shamba by the assailant, Mr. Muigai, and now lives at Kamahuha Sub-location in Maragua Division as a squatter?

(d) What action is he taking to resolve the dispute between the two and also have Mr. Kairu charged with assault?

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that Mr. Paul Maina Murioga was attacked and injured by his son, Peter Muigai Kairu, after a land dispute.

(b) Yes, I am aware.

(c) I am aware that Mr. Maina Murioga now resides at Kamahuha, but I do not know why he moved to that place.

(d) An assault case has been filed in court against Mr. Paul Muigai Kairu. However, the assailant has not been found and he is being sought. The land dispute is a civil matter which the concerned parties should take to court for determination.

Eng. Toro: Mr. Speaker, Sir, the Minister says in answer to part "b" that he does not know why Mr. Murioga ran away from his shamba. The fact of the matter is that he was nearly killed by his son, who is still in that shamba. The father cannot go back because he will be killed. The Minister has said that an assault case has been filed in court against Mr. Paul Muigai Kairu. Could he tell the House the court case number, when it was filed, and whether a case can be filed without somebody being arrested?

Maj. Madoka: Mr. Speaker, Sir, the hon. Member can assist us because we are trying to look for the son. We have not been able to get him. If he is, indeed, at the land, then my information was not correct. But I was told that they have not been able to get hold of him.

Eng. Toro: On a point of order, Mr. Speaker, Sir. The Minister has not answered my question. He said that an assault case has been filed in court. Could he tell the House the case number and the date it was filed?

Maj. Madoka: Mr. Speaker, Sir, as I was coming, I had asked to get the court case number, but I did not receive it. I can bring it later.

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. I think the Minister is misleading the House again. There is no way you can file a case in court unless the culprit has been arrested by the police and a charge sheet prepared and then taken to court so that there is a case number. Is he in order then to mislead us about a case being filed when the culprit has not been arrested, and now he is seeking the assistance of the hon. Member to have the man arrested? We want him to arrest the suspect. Is he in order to take us round like that?

Mr. Speaker: There is nothing wrong with that. You can, indeed, file complaints in the absence of the accused and apply for a warrant of arrest. That is the correct law, Mr. Ndicho.

Proceed!

Maj. Madoka: Thank you for helping me, Mr. Speaker, Sir.

Speaker: Be serious a little! What efforts have you made to arrest this person?

Maj. Madoka: Mr. Speaker, Sir, as I said, I had asked the police to give me the case number, but by the time I was coming here, they had not done so. Equally, we are still looking for this assailant.

(Mr. Ndicho stood up in his place)

Mr. Speaker: Order! Mr. Ndicho, you must sit down!

Order! Order! May I warn Members that we will not spend all the time of this House on technicalities. We will go to the substance. Like equity, I look at the substance and not the technicalities or the form.

Proceed!

Eng. Toro: Mr. Speaker, Sir, I sought your indulgence last time this Question came up and despite the extension of time, the Minister has not yet got the details. This assault happened in 1999 [**Eng. Toro**] and it was reported to Gacharage Police Base under OB.No.9/7/2/99. Nothing happened until 18th November, 2000, when the same Gacharage Police Base wrote a letter seeking the apprehension of this criminal. That is the only action the police have taken. That is why I am seeking the indulgence of the Minister to pull up his socks so that this criminal can be apprehended and prosecuted.

Mr. Speaker: Order! Order, Eng. Toro! I think the last time I heard of that expression was from my headmaster and nobody is a headmaster here. We do not reprimand colleagues, use a better a language. Will you, please, go ahead?

Eng. Toro: Mr. Speaker, Sir, when will the Minister ensure that this case is investigated and this man arrested and taken to court because, so far, nothing has been done? The answer given by the Minister is misleading. It says that there is a case in court and yet, there is no case in court. When will the Minister take action?

Maj. Madoka: Mr. Speaker, Sir, may I request that I be allowed to answer this Question on Tuesday next week?

Mr. Speaker: Order! If that will make sure Eng. Toro gets the correct answer, I will defer it to Tuesday.

(Question deferred)

EVICITION OF KISUMU WEST RESIDENTS

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President, the following Question by Private Notice.

(a) Why were occupants of Parcel No.934/233 in Kisumu West Location, Maseno Division, evicted from their land recently?

(b) What is the status of the ruling by the Principal Magistrate's court at Maseno dated 7th December, 1999 on Criminal Case No.216 of 1998?

(c) What is the Government doing to ensure that these ordinary Kenyans are guaranteed their right to property under the Rule of Law?

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to request that this Question be deferred. Initially, it was taken to the Ministry of Lands and Settlement and it just came to us yesterday. So, we have not been able to establish the facts. I request that it be deferred until Thursday.

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, this is the third time this Question is being deferred. Last week, the Speaker ruled that it be answered today because it has just been taken to the Office of the President.

So, I am wondering how long we shall go on putting one Question from one Ministry to the other.

(Mr. Speaker consulted with the Clerk-at-the Table)

Mr. Speaker: Hon. Members, I think the information I get from the Table is that Prof. Anyang'-Nyong'o is basically correct, that the Office of the President has had the Question close to a week and they should have been in a position to answer now. The position is: The Minister is not ready to answer! What option is left?

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, I will give them up to Tuesday, next week, so that they do not have any more excuse to answer this Question.

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

(Question deferred)

ALLOCATION OF FUNDS TO CACCS

Mr. Musila: Mr. Speaker, Sir, I beg to ask the Minister of State, Office of the President, the following Question by Private Notice.

(a) Could the Minister table the names of Constituency Aids Control Committees (CACCs) which have been formed throughout the country?

(b) How much money was allocated to each of the Committees since they were formed and how much of

the allocated money has so far been paid to the Committees?

(c) Could the Minister give the number of the bicycles or other means of transport that have been issued to each of the Committees?

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, I beg to reply.

(a) I wish to table the list of the CACCs establishment and the monies disbursed to these Committees.

(c) The National Aids Control Council (NACC) is not in a position to provide means of transport to CACCs. The Committees are expected to utilise the operation funds they have been allocated for the purposes of transportation.

(Maj. Madoka laid the list on the Table)

Mr. Musila: Mr. Speaker, Sir, up to this moment, I have not seen the list that has been laid on the Table of the House. Therefore, I would seek the indulgence of the Chair and the House to give me time to scrutinise this list.

Mr. Speaker: Will tomorrow afternoon be alright?

Mr. Musila: Mr. Speaker, Sir, may I request that I be given time up to Tuesday next week, since the Question is of importance to other hon. Members?

Mr. Speaker: I have already put too many Questions of this week to Tuesday. I will put it to Wednesday, next week.

Mr. Musila: Very well, Mr. Speaker, Sir.

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

Mr. Mwenje: On a point of information, Mr. Speaker, Sir.

Mr. Speaker: Order! Give us the information that time or give it to the Minister or to Mr. Musila!

Mr. Mwenje: Mr. Speaker, Sir, we need to have it how!

Mr. Speaker: Order! Wait for the Question. Mr. Mwenje, you cannot ask thin air! There is nothing really before the House. The matter has "disappeared". So, wait until it "reappears"!

(Question deferred)

Next Question, Mrs. Mugo!

WATER SHORTAGE IN NGANDO VILLAGE

Mrs. Mugo: Mr. Speaker, Sir, before I ask my Question, I would like to inform you that I have not so far received any answer to this Question from the Minister.

However, I beg to ask the Minister for Local Government the following Question by Private Notice.

(a) Is the Minister aware that there has been an acute shortage of water in Ngando Village in Riruta Satellite location and Suna Estate in Dagoretti Constituency for the last three years?

(b) Is he further aware that the scant water supply available runs in the taps only once a week and at odd hours in the middle of the night?

(c) Is he further aware that this has encouraged unscrupulous traders to exploit the residents by selling water at unaffordable prices?

(d) If the answers to "a", "b" and "c" above are in the affirmative, what is the Minister doing to ensure that regular water supply is restored in this area?

The Assistant Minister for Local Government (Mr. Kiangoi): Mr. Speaker, Sir, I wish to apologise if the hon. Member has not received the written reply.

Mr. Wamae: On a point of order, Mr. Speaker, Sir. Is it in order for the hon. Assistant Minister not to apologise for coming late? There was another Question for the Ministry of Local Government and there was no Minister here to answer it. He should apologise to the House for coming late.

Mr. Speaker: Yes, there was a Question by Mr. Gatabaki which went unanswered because there was no representative of your Ministry.

The Assistant Minister for Local Government (Mr. Kiangoi): Mr. Speaker, Sir, I am glad you have said there was no representative of the Ministry. However, I wish to apologise for not having been there.

Mr. Maitha: On a point of order, Mr. Speaker, Sir. You have just heard the Assistant Minister say that he is "glad" that you have pointed out that there was no a representative of his Ministry. Could he really define

the term "being glad"? Could he define it?

The Assistant Minister for Local Government (Mr. Kiangoi): I am sorry. As a matter of speech---

Mr. Speaker: Mr. Kiangoi, are you somehow delighted that the Speaker misses anyone from the Ministry of Local Government? Do you derive some form of pleasure?

(Laughter)

The Assistant Minister for Local Government (Mr. Kiangoi): No, Mr. Speaker, Sir. I was only appreciating that you had brought it to my attention and I apologised.

However, let me now proceed to answer the Question by Mrs. Mugo.

(a) Yes, I am aware that there has been an acute shortage of water in Ngando Village in Riruta Satellite Location and Suna Estate in Dagoretti Constituency. This is due to insufficient supply of water.

(b) The area is being subjected to water rationing. According to the current water rationing programme, the area receives water on Sundays, Mondays and Tuesdays. It is not true that it receives water once a week on the odd hours of the day or night.

(c) I am not aware of the exploitation by unscrupulous water traders. However, I am aware that Nairobi City Council supplements the piped water supply with water bowsers.

(d) Nairobi City Council is doing the following to increase water supply in Ngando Village, Suna Estate and adjoining areas.

(i) Completion of Kenyatta Avenue Pumping Station. This will allow more pumping to Uthiru tank from Kabete.

(ii) To give out contracts for boreholes rehabilitation. Contract for boreholes rehabilitation is soon to be awarded and Ngando area is to benefit. (iii) A contract has been awarded for improvement of water supply along Naivasha Road whereby water pressures in Ngando will be improved. The contractor is already on the site.

Mrs. Mugo: Mr. Speaker, Sir, it is not correct when the Assistant Minister says that those estates receive piped water three times a week. Suna Estate receives piped water per week. I would like to ask the Assistant Minister to countercheck his facts. This has nothing to do with water rationing which started the other day. This problem has been there for over three years. I even asked the same Question two years ago. It is true that this estate, with about 25,000 people, does not have adequate water supply. This has resulted in water being sold at Kshs20 per gallon which is exorbitant; bearing in mind that those are very poor people.

It is a miracle that there has not been an epidemic considering that we do not even know the source of that water. Recently there was a case of cholera, which is a waterborne disease, reported. The Assistant Minister should tell this House how soon this water is going to be available. We have heard these promises before and they have not been fulfilled. Could the Assistant Minister tell us how soon the residents will get the water?

Mr. Kiangoi: Mr. Speaker, Sir, as soon as the measures which I have outlined are completed, the residents of the hon. Member's constituency will get water. The Ministry is committed to see to it that they get adequate supply of water. As I have said, there is actually some shortage. We are putting in efforts to correct the situation. I will particularly look into the claim by the hon. Member, that they do not get water for three days, but only for one day.

Mr. Gitonga: Mr. Speaker, Sir, I wonder if the Assistant Minister is aware that Dagoretti Constituency is within the jurisdiction of the Nairobi City Council. Is he also aware that Dagoretti Constituency does not have sewerage facilities which may pose health risks?

Mr. Kiangoi: Mr. Speaker, Sir, I am aware that Dagoretti Constituency is part of Nairobi, and that is why I referred to the Nairobi City Council providing them with water. The issue of sewerage is different from this particular Question. If it is specifically asked, I will address it.

Mr. Ngure: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister claiming that after the use of water it does not become sewage?

Mr. Speaker: Mr. Kiangoi, what happens to this water; where does it go somehow?

Mr. Kiangoi: Mr. Speaker, Sir, some of it would go into the sewerage, some of it would sink into the ground. There are so many areas this water goes to. If the hon. Member wants me to address the issue of sewerage in Dagoretti Constituency, I will, at an appropriate time, answer the Question.

Mr. Munyao: Mr. Speaker, Sir, it has been proved in this House that water in the whole Nairobi City, including Dagoretti Constituency, is mixed up with sewage water. Now that it is even clearer that water in Nairobi City is not purified using the correct chemicals, could he assure the House that water in Nairobi City will be clean?

Mr. Kiangoi: Mr. Speaker, Sir, the water that I am referring to in Dagoretti Constituency is fit for human consumption. It is not true, whatsoever, that it has been proved that water in Nairobi City is mixed with sewage.

Mrs. Mugo: On a point of order, Mr. Speaker, Sir. The Assistant Minister is misleading this House. Last weekend in Waithaka, it was mixed with oil. It is also mixed with sewage, because sewerage lines are all over and interconnected with water pipes. Could he stop misleading the House and save the health of Kenyans?

Mr. Speaker: Could I help the House? Mrs. Mugo you know very well that you have already filed a Question about the purity of the water that you take; to come up next week. So, if we deal with it now, we will be--- So, forget about that.

POINT OF ORDER

TENDER AWARD FORN SUPPLY OF WATER TREATMENT CHEMICALS

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. There are eight hon. Members in this City and I am one of them. The Nairobi City Council falls under our jurisdiction because its operations are within our constituencies. When we talk of water, it is a sensitive matter, and everybody in the City would want to know the truth of a matter pertaining to the water they are taking.

(Loud Consultations)

Mr. Speaker: Where is that noise coming from?

Hon. Members: KANU!

Mr. Speaker: Order! Proceed, Mr. Mwenje! I thought it was external to the Chamber!

Mr. Mwenje: Mr. Speaker, Sir, we have been told that a tender which has been given for the supply of chlorine to treat water has either been diverted to some place or there is some corruption going on. The Minister for Local Government and the Vice-President and Minister for Home Affairs have been mentioned in this scam. The people of Nairobi would like to know the truth about this issue because we do not want the residents of Nairobi to take untreated water. Could the Minister for Local Government come out clean on the true position about this? We do not want to scare residents in the City that they are taking untreated water. Were they [**Mr. Mwenje**]

involved in any corrupt dealings or what is the true position that has prompted those hon. Members to scare Nairobi residents?

The Assistant Minister for Local Government (Mr. Kiangoi): Mr. Speaker, Sir, I would like to seek your guidance. I do not know whether he is simply asking a question or is seeking a Ministerial Statement.

Mr. Speaker: Order! It is precisely what I have been saying in the last three weeks; that when matters of national importance arise, those responsible can fear to tell the House the position. Water is something that everybody takes, and since a Minister can afford to address a Press conference, he can also afford to get time to get to this House. I think that is all that is being asked; let the Minister come and tell the House what he knows as the truth. Could he be available?

The Vice-President and Minister for Home Affairs (Prof. Saitoti): On a point of order, Mr. Speaker, Sir. Since my name has been mentioned in the so-called scam, I would like to state quite categorically that I was not aware of such a tender, I am not aware of that company and I do not know who were involved. The Office of the Vice-President and Ministry of Home Affairs, Heritage and Sports has not in any way been involved whatsoever with matters of the City Council. I am totally unaware, and I would like to state categorically here, that by dragging my name into that matter, one can only read politics. I have totally nothing to do with it. I would like to say here that the hon. Member should come here and table evidence to show the extent to which the Vice-President and Minister for Home Affairs got involved in this scam.

If that is the way we are going to fight corruption, through dishonesty and involving people whose names have nothing to do with it, we will not be able to destroy corruption here.

(Loud consultations)

Mr. Speaker: Order, hon. Members!

PERSONAL STATEMENT

MANAGEMENT OF MAASAI MARA TRIANGLE

The Minister of State, Office of the President (Mr. ole Sunkuli): Mr. Speaker, Sir, I rise to make a Personal Statement. Last week, while I was away, a Question came on the Floor of this House regarding the Mara Triangle Conservancy. This is an organisation set up in order to improve the conservation and management of the flora and fauna of the world's best known wildlife home.

Over the years, when the area to the west of the Mara River, also called the Mara Triangle used to be part of Narok District, the roads went into disuse and the area was made almost inaccessible to tourists, except by air. Many small roads came in to destroy the environment and nobody cared. Even when the Mara Triangle went into the hands of Trans Mara County Council, the same state of affairs pertained. Companies ran and operated balloons which were followed by trucks. The trucks in turn destroyed the environment. The leaders of Trans Mara experimented on different solutions and the Mara Triangle Conservancy came up with the best proposals on how the Mara Triangle could best be managed. The Question has been asked whether I am a director of this organisation. Yes, I am, and I sit on the board to participate in all deliberations of the organisation. In my constituency, I am an MP, just like any other. I sit on all boards where the public feel that their Member of Parliament should sit on, to look after their interests. I sit on the boards of all public secondary schools, in the HIV committees, roads boards, DDCs, DEB and the Mara Triangle Conservancy.

In all these boards, I do not receive any remunerations, nor do I get any other pecuniary gain. There are those who say that the Mara Triangle Conservancy collects the revenue of the park. This is not strictly true. The organisation looks after the Mara. The responsibility of collecting revenue was delegated to another company which shares the revenue between the Mara Triangle Conservancy and the council. Ever since this arrangement, the revenues of the Mara Triangle have tremendously improved and, contrary to the wild allegations made here, Trans Mara County Council has a sound financial base, pays all its salaries on time and has acquired five new Land Rovers in over just two months. The Mara Triangle Conservancy, on its part, uses its share of the revenue to develop the Mara Game Reserve and to make provisions for the security of the Mara. The communities around Maasai Mara receive cash of about 19 per cent, about Kshs1.5 million every month, from the total collections. It, therefore, shocks me to hear some hon. Members calling this noble endeavour a scandal.

I am, of course, aware that this Question was not motivated by a desire to see the Mara run well. Before the Question became the property of this House, I had occasion to meet Mr. Katuku and Mr. Parpai. Mr. Katuku explained to me that the Question was not one of accountability and impropriety, but it was meant to target me as a person. It is, of course, unfortunate that there are people who want to fight me but do not have the guts to do the battles themselves. It is even more intriguing that hon. Members can, in fact, accept to [**The Minister of State, Office of the President**]

fight a war as mercenaries for causes quite remote from the needs and aspirations of their constituents.

The Assistant Minister for Local Government (Mr. Kiangoi): On a point of order, Mr. Speaker, Sir, I would like to say that I will give a Ministerial Statement on Thursday on the matter that was raised by Mr. Mwenje.

Mr. Speaker: Let us move to the next Order! Maj. Madoka!

MINISTERIAL STATEMENTSECURITY SITUATION IN KISII
CENTRAL DISTRICT

The Minister of State, Office of the President (Maj. Madoka): Mr. Speaker, Sir, on the 11th of October, Mr. Angwenyi, rose on a point of order and requested for a Ministerial Statement with regard to the security situation in Kisii Central District.

In this connection, I wish to state the following: The security situation in Kisii Central District is now under control. However, there were a number of incidences in which illegal roadblocks were being erected by thugs in the district during the months of September and early October. This has been put to a stop by security personnel, including flying squad officers who are conducting mobile and foot patrols on all the major roads in the district.

I wish to acknowledge at this stage the assistance accorded to the security personnel by the residents of Kisii Central District who gave very useful information on the activities of the criminals. This co-operation contributed to the swift containment of the wave of highway robberies and carjackings. A total of 27 suspected criminals were arrested in connection with the criminal activities. Four of them have been convicted while 23 have cases pending before court. During the same period, 16 home-made guns were recovered by the police with the help of the local residents. I am happy to note that over the last three weeks, not a single incident of highway robbery has been reported in the entire district. The district is now back to normal and efforts are being made to ensure that the present peace and security is maintained at all times.

Mr. Angwenyi: Mr. Speaker, Sir, I thank the Minister for having taken serious action to contain the insecurity situation in Kisii. Before the action was taken, Kisii was a terrorised land. It was like an occupied land because many of the thugs and APs were on rampage against our people.

I hope the Minister will take action against those APs and, maybe, transfer some of them, especially the senior ones who have stayed there for too long, so that we can have this state of tranquillity continuing in that district.

Mr. Speaker, Sir, I thank the Minister.

Mr. Speaker: Order, Mr. Angwenyi! Hon. Members must realise that this is not part of the debate. This is time to seek clarification. You give your opinions during debates.

Yes, Mr. Obwocha, just seek your clarification.

Mr. Obwocha: Mr. Speaker, Sir, it is true that there was terror this weekend in Gusii again, in Kebirigo Market. Could he clarify that? Secondly, on Kisii Central which Mr. Angwenyi talked about, could he tell us whether the police have made any headway to get the thugs and the people who were involved in the attack of Father Matogo?

Maj. Madoka: Mr. Speaker, Sir, as far as the situation is concerned, I have stated the number of people who were arrested and convicted and those who have cases against them pending in court. As regards this particular one on the "Father Somebody," I have to check on that one.

Mr. Obwocha: Mr. Speaker, Sir, I would like to say that there is no "Father Somebody." I would like to tell the Minister that we have Father Matogo of Manga Parish.

Mr. Speaker: What does "Father Somebody" mean?

Mr. Obwocha: Mr. Speaker, Sir, you did not hear what the Minister said. He told the House and the Chair that I will look into the issue of "Father Somebody." So, I was wondering whether we have "Father Somebody." I meant Father Matogo of Manga Parish who was attacked by thugs.

POINT OF ORDER

DEATH OF MR. JULIUS KIMANI

Mr. Michuki: Mr. Speaker, Sir, may I request the Minister of State, Office of the President in charge of internal security, to make a Ministerial Statement over this matter I raised by way of Question regarding Julius Njuguna Kimani, an administrative officer, who died in Meru, and he is aware about it. When is he going to make the statement?

Mr. Speaker: Maj. Madoka, do you have any idea?

Maj. Madoka: Yes, Mr. Speaker, Sir. As he says, this was a Question which was asked, and I answered it but I believe that he is still dissatisfied. I will make a full Ministerial Statement on Thursday.

Mr. Speaker: Next Order!

BILL

Second Reading

THE BANKING AMENDMENT BILL

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I beg to move that the Banking (Amendment) Bill be now read a Second Time.

Mr. Speaker, Sir, hon. Members will recall that when the Budget Speech for the current financial year was delivered in this House, the Banking (Amendment) Bill was also submitted. This is aimed at improving the performance and stability of the banking sector. Currently, the Building Societies Act requires that mortgage finance companies, finance mortgages only on the security of land. There is need to remove this restriction in the operations of mortgage finance companies in order for them to diversify their business activities and compete with other institutions in the finance field.

Mr. Speaker, Sir, the Banking Act is amended to enable mortgage finance companies to grant other types of credit facilities against securities other than land and engage in other prudent investment activities deemed appropriate. There is need to facilitate the exchange of information between the Central Bank of Kenya and institutions licensed under the Banking Act.

Mr. Michuki: On a point of order, Mr. Speaker, Sir. The Banking (Amendment) Bill was committed to the Finance Committee by the Minister. The Committee has produced a report, which takes into account the discussions we had with the Minister and his officers. It was agreed that the Minister for Finance was going to point out the need for certain amendments---

Mr. Speaker: Order, Mr. Michuki! That is a matter between the Finance Committee and the Minister. That Committee cannot be superior to this House. Both the Minister for Finance and the Finance Committee are answerable to this House. The Assistant Minister has not done anything illegal. Let him move the Bill, and after it has been seconded, I will give you the opportunity to let the House know what you agreed and what he has breached. If you think he has breached certain provisions of the report, and House ought to refuse to approve the Bill, then convince your colleagues! For now, there is nothing you are tackling!

Proceed, Mr. Arap-Kirui!

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I was saying that there is need to facilitate exchange of information between the Central Bank of Kenya and institutions licensed under the Banking Act in order to improve financial sector stability and performance. It is proposed that the Banking Act be amended to allow the Central Bank of Kenya to disclose and share information with other monetary and financial regulatory authorities, and institutions licensed under the Act in the ordinary course of business, while maintaining customer confidentiality in order to effectively and efficiently discharge their duties.

Mr. Speaker, Sir, I have made amendments geared towards improving the performance of the Deposit Protection Fund Board whose primary objective is to provide deposit insurance scheme for customers of member institutions and to liquidate and wind up any institution for which it is appointed liquidator. I have also proposed to amend the Banking Act to enable the Deposit Protection Fund Board to establish itself as a corporate body. This will enable the Board to have powers to sue and be sued in addition to legally being able to take, purchase or otherwise acquire, hold, charge, lease or dispose of moveable or immovable property. The amendments further provide for protection from personal liability of the board members, employees or agents for things done in the course of their duties as is the case with other similar laws. In addition, the proposed amendments provide for priority in the payment of claims, and it puts the time limit within which claims by depositors and creditors may be made to two years. This measure is important in order to reduce the amount of money held as uncollected deposits by the Deposit Protection Fund Board.

Mr. Speaker, Sir, I have proposed to remove restrictions on the operations of the mortgage finance companies in order for them to diversify their business activities. This raises the need to amend the Building Societies Act as well. I, therefore, propose to amend the Building Societies Act to remove the same restrictions on the operations of building societies, by empowering them to extend such facilities on securities other than land. Further amendments to the Act are provisions related to interventions in the management, supervision and liquidation by the Central Bank, of the Deposit Protection Fund Board, unlike the current law which vests these measures in the Registrar of Building Societies. However, it should be pointed out that, in all other matters, the Building Societies Act, as it relates to the operations of the building societies, remains unchanged. If these measures are enacted into law, they will go a long way in improving our financial systems.

With those remarks, I beg to move.

[Mr. Speaker left the Chair]

[Mr. Deputy Speaker took the Chair]

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Deputy Speaker, Sir, I rise to second this Bill.

Mr. Deputy Speaker, Sir, the building societies have played a very important role in the development of this country, especially by providing housing and shelter for thousands of people. We do know that, in advancing money to people, these societies have always required land as security. But the Bill is widening the body of security that can be **[The Vice-President and Minister for Home Affairs]** demanded by the building societies and the mortgage finance companies so that people can be able to borrow money for building houses.

Mr. Deputy Speaker, Sir, these building societies and mortgage finance companies are being facilitated to

play a role similar to that of banks. One may question why these institutions are being allowed to diversify their activities. They are allowed to do this because this is a global phenomenon. In countries like the United Kingdom, there were the Halifax Building Society and the Abbey Building Society, whose role used to be confined to providing monies for building houses. They were not allowed to play any role at all in banking activities. Today, we know very well that building societies, like Halifax, are playing roles similar to those of banks. However, I am not advocating for the fact that building societies and mortgage finance companies should move away from their original focus which is to provide resources for building houses. At the same time, it is important that they should be involved in other ventures for the purpose of collecting deposits which can eventually be used for building houses. We know that the rate of providing houses to people in this country is not what it used to be before. We can recall cases when Savings and Loans Limited - and hon. Michuki knows about it, when he was the Chairman of the Kenya Commercial Bank and I used to be one of his directors - did a great deal of work. Wonderful and up-to-date accommodation was built and low cost houses were provided to the people of this country. This was a fantastic piece of work! We need to see a number of these mortgage finance companies going back to the activities they were engaged in, in the 1970s and 1980s. This is because there is greater need for houses and accommodation in this City.

Mr. Deputy Speaker, Sir, there are various aspects of the Banking Act which are being proposed to be applicable to the building societies and mortgage finance companies. This is important because the mortgage finance companies will advance deposits on the basis of collateral, other than land. They will also engage in limited banking activities. There are a number of important provisions in the Banking Act which go towards protecting depositors' money, and making certain requirements on the part of the directors. These should also apply to the building societies.

With those remarks, I beg to second.

(Question proposed)

Mr. Michuki: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute to the Bill. When I rose on a point of order this afternoon, I said that this Bill has been before the Committee on Finance, Planning and Trade of this House. It has been scrutinised clause by clause and in consultations with the Minister for Finance. The Minister and the Committee agreed on the proposals made in the Report by the Committee, which was tabled by the Chairman of the Committee before this House, as evidenced by his signature, on 18th October, 2001. Therefore, there are certain fundamental issues which the Committee deliberated on, when it looked at this Bill.

In the first place, the Committee was of the opinion that the title of the Bill is highly misleading, in the sense that the contents of the Bill talk about amending two Acts at the same time; that is the Banking Act and the Building Societies Act. To the extent that the Bill is intended to deal with banking, we found that there was a mistake in presentation, in as much as this Bill is not a Miscellaneous Amendments Bill. It is a Bill intended to amend the Banking Act. The Bill as read is misleading because when you look at the contents, it is talking about building societies as well. So, we agreed with the Minister that if we want to bring the amendments covering the two Acts, they must be brought to this House separately, in order to conform with the Standing Orders of the House, in as much as there is a Miscellaneous Amendments Bill into which the amendments proposed to the Building Societies Act could have been inserted. That is the first point that we made.

Mr. Deputy Speaker, Sir, the second point is that in amending the Building Societies Act, there was going to be a very serious departure in policy, because the effects of the amendment of that Act would be that, in future, building societies lose their identity.

Mr. Deputy Speaker: Let me ask you! Are you presenting the Report of the Committee on the Bill?

Mr. Michuki: I am contributing to the Bill, but I am guided by the principles that are contained within the Report of the Committee on Finance, Planning and Trade.

Mr. Deputy Speaker: The point that I am asking is: Will the Committee's Report be presented formally by somebody else or are you doing it?

Mr. Michuki: Mr. Deputy Speaker, Sir, I am not presenting the Committee's Report because the Chairman is here! But I am saying that in contributing to this Bill, I would use the same principles as are contained in the Report, because that is the approach that I am convinced I should take in looking at this Bill as a Member of this House!

Mr. Deputy Speaker: Well, you run the risk of making your Chairman repetitive!
Proceed!

Mr. Michuki: Mr. Deputy Speaker, Sir, therefore, with regards to the effects of the two institutions, that is building societies and banks, there is a huge difference, contrary to what the Vice-President and Minister for Home Affairs has just said. In the first place, the capital structure is different. This amendment is being brought in, in order to give advantage to building societies and yet, they are not financially prepared to contribute in terms of the Banking Act. They will not be treated as bankers. Therefore, it looks to me that if the building societies find themselves unable to perform as building societies, there is absolutely nothing to prevent them from applying to operate as full banks, but the policy of building societies remains as a policy.

Secondly, if the Government wants to change the principles of building societies, it cannot be covered by a casual amendment. It must be through a Sessional Paper which would warn the whole country that there has been a change of policy in the operations of the building societies. In my own opinion, the reason why this amendment is being brought together with the one on banks--- The reason for amending the Banking Act is to accommodate the building societies. It is because the Registrar of Societies has refused to enforce the law. Therefore, the easiest way is for those institutions to be brought under the Banking Act, so that the Central Bank of Kenya can take over and, in the process, obliterate the existence and meaning of building societies. Building societies, even in more developed countries, still retain their own identity.

Mr. Deputy Speaker, Sir, for example, in most of these countries, the determination of the rates of inflation, which is a major component in the process of devising a monetary policy in the monetary contribution of building societies is excluded. This is in recognition of the particular role they play. The only input that is taken into account, in addition to other factors, is the currency in circulation and the credit system between the other banks and the central bank of that particular country. Therefore, the building societies still have a major role to play, in particular, in the promotion of the stock of dwelling houses, which are becoming a major requirement in all urban community planning. The urban communities have, in fact, become the major influence in all aspects of development, particularly in the developed world.

The Minister and this House should, therefore, look at the report when it is presented by the Chairman, and take it into account in judging the contents of this Bill. Secondly, the Minister should be required by this House to bring the necessary amendments to separate these completely unrelated "animals"; that is, the building societies and the banking aspect to be covered by different Bills, if he so wishes.

With those few remarks, I beg to support.

Mr. Mkalla: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to contribute on this Bill. I am pleased to present to the House a report of the Departmental Committee on Finance, Planning and Trade, on the Banking (Amendment) Bill, 2001.

The Banking (Amendment) Bill, 2001, was referred to the Committee on 4th July, 2001, upon a Motion moved by the Minister pursuant to the provisions of Standing Order No.101(a)1. The Committee did commence its deliberations on the Bill on 20th August, 2001, and held three sittings. The Minister for Finance, accompanied by the Permanent Secretary, attended one sitting of the Committee and gave an overview of the Bill. The Committee also invited the Commissioner-General, Kenya Revenue Authority, and his team, together with the Governor of the Central Bank of Kenya, and gave their valuable insight into the thinking that went into the proposals in the Bill.

Mr. Deputy Speaker, Sir, this Bill proposes that amendments be made to Section 15 of the Act to remove restrictions on the operations of the mortgage finance companies in order to diversify their business activities, to enable them compete with other institutions. It also proposes amendments to Section 31 of the Act to facilitate information between the Central Bank and institutions licensed under the Act. It further proposes amendments to Section 36 of the Act to further elaborate on the powers of the Deposit Protection Fund Board as a body corporate, and also makes provisions for the procedures of the board. It also proposes to introduce a new Section 39(a) to impose a time limit on the period within which claims by depositors may be made to the board.

Finally, it proposes to make amendments to the building societies Act. After the deliberations on the Banking (Amendment) Bill, 2001, the Committee made certain observations and they are as follows: Under Clauses 9 and 10:

1. The Bill is not a Miscellaneous Amendments Bill and, therefore, cannot deal with the Banking Act and the Building Societies Act together.

2. Building societies all over the world have a specific role to play, which is quite distinct from that played by banks. The proposal, therefore, is a major departure and should be brought to the House in a Sessional Paper.

3. If this amendment Bill is passed, it will confer privileges to building societies which the banks pay for dearly due to required initial capital outlay.

We recently passed the condition that for anyone who wants to establish a bank in this

country, there is the initial outlay of about Kshs200 million, and it goes on progressively up to Kshs500 million for any institution to start banking business in this country, whereas the building societies do not have similar conditions. The Committee, therefore, thought it would be totally unfair if the building societies were allowed to operate under similar conditions as the banking institutions, who would have been paying dearly before they start the business, whereas the others would also come into the same business without spending the same initial capital outlay.

This proposal is, therefore, a major departure from the norm and should be brought to the House in a Sessional Paper. We are saying that if the building societies want to do banking, they should follow proper procedures as stipulated in the Banking Act. The Registrar of Societies should be called upon to implement the law as it relates to the building societies. Having looked at the Bill and having discussed it with the Minister and the relevant officers from that Ministry, the recommendation of the Committee is that the Minister prepares an amendment to the Building Societies Act, separately from the Banking Act, to facilitate a comprehensive review.

The Committee, therefore, recommends that the House adopts the Banking (Amendment) Bill, 2001, together with the recommendations contained in the Committee's report. I wish to take this opportunity, on behalf of the Committee, to record our gratitude to the Minister for Finance and his staff, together with officials of the Kenya Revenue Authority and the Governor of the Central Bank of Kenya, for the assistance they have accorded to the Committee.

Mr. Deputy Speaker, Sir, I beg to support the Bill, but those amendments should be brought on board.

Mr. Kibicho: Mr. Deputy Speaker, Sir, the aim of the laws enacted in this country is to achieve certain objectives. When the colonialists decided to have building societies as mortgage houses, the purpose was to encourage Kenyans to own houses. This was meant to get specialised institutions where money would have been sourced to enable Kenyans to own houses. If you look at this amendment as proposed, it is merely making building societies diversify their activities to other areas where the bank is supposed to be the source of finance.

Mr. Deputy Speaker, Sir, if we then enact this Bill as it is, are we achieving the objectives which were there in the beginning, of establishing building societies? If this Government is serious and thinks that this country does not have adequate finance houses where people can source finances, why does it not resort to the 1994 situation where people were allowed to have their finance houses? This Government, one day in *The Kenya Gazette* notice, decided to put all the institutions under special management and they have now been liquidated. If the Government thinks that the banking sector does not adequately serve this country, I suggest they relax the deposit requirements under the Banking Act for one to start a finance company, so that we revert to the 1994 situation.

Mr. Deputy Speaker, Sir, if you look at these proposals, they are merely allowing the building societies to come under the Deposit Protection Fund. What are the benefits? The people who are protected under this Deposit Protection Fund get only Kshs100,000. Are we going to go through all this exercise simply for our people to be protected up to Kshs100,000? If this Government is serious on the finance issues, they should bring to this House Money Laundering Acts so that we do not have Indians siphoning our money and taking it to other countries.

If the Governor of the Central Bank and the Minister for Finance are serious on financial matters, why does the latter not bring an Insolvency Act so that we can look at the aspects which concern this economy, rather than these amendments taking a lot of our time when there are a lot of important businesses which have come to this House?

Mr. Deputy Speaker, Sir, if the building societies, as they operated before, their liquidity was the mortgage; that is, the amount of money which they addressed; that was the test of their liquidity so that all the money which they had mobilised and given to the people; that is, two-thirds of it, ought to have been the mortgages. That was an easier way of encouraging Kenyans to own homes. I will go further and say that we should even reverse some of the enactments we have made in this House where we are demanding that building societies also must raise so much money as a requirement to operate. This is so that we revert to a situation where their liquidity was secured by the mortgages which they held; that is the amount of rent money which was in terms of mortgages.

Mr. Deputy Speaker, Sir, shelter is a big problem and a Government which is serious on providing Kenyans with shelter cannot allow the few institutions which it has to engage in activities other than those of giving Kenyans a home. If you look at this Bill, what does it say? It merely says that a building society can lend Kenyans or their depositors money on security of a logbook or mortgage deposits just like any other banking institution. This country requires specialised institutions if it is going to achieve the objectives which it has set.

With those few remarks, I oppose this Banking (Amendment) Bill.

Dr. Anangwe: Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to make my contribution to this Banking (Amendment) Bill, 2001. This Bill is about the mortgage finance houses, building

societies, and it also includes the Deposit Protection Fund.

Let me say that the implications inherent in these amendments, particularly in respect of the mortgage finance institutions and building societies, are far-reaching. May I also say that when these institutions were set up, they were not ends by themselves. They were policy instruments meant to help the Government realise the goals and objectives within the Sessional Paper No.5 on Housing of 1966/1967. So, they were not entities by themselves. They were supposed to pursue those particular goals. However, now the way they are being treated--- We are not being told whether we have abandoned the National Housing Policy of 1966/1967 and, of course, the subsequent drafts and improvements that came in 1996. I think what the Minister ought to do, if he thinks there is need for a fundamental change in the roles of these institutions, is for him to also bring here a review of the housing policy so that we can debate alongside these changes that he is mooted. If he does that, Kenyans may end up getting a better response of service from these institutions.

Mr. Deputy Speaker, Sir, when you look at the amendments that are being proposed--- I would like to just highlight Clause 3 that dwells on Section 15, Sub-section 1.

The import of this particular change is to open the door to mortgage finance institutions as well as building societies to engage in business other than acquisition, construction, improvement, development, alteration or adaptation for a particular purpose of land in Kenya and for no other purpose;---

In other words, they are now being told that you engage in business other than buildings. The implication is that probably there is no more business in the building sector. That is not true, borne out with the facts as we know them as of today. To say that we no longer need these institutions to participate in the mandate that they were originally earmarked for, presupposes that the goal of decent housing, for instance, has already been realised all over and Kenyans no longer need mortgage finance institutions and building societies.

Mr. Deputy Speaker, Sir, looking at the Kenya population census of 1989, it had one unique dimension in that it also brought in housing census. In other words, census was conducted on housing and the facts are quite revealing. The facts showed that 45.9 per cent of Kenyans were living in rented houses. These are people who would need their own houses if they had the opportunity. That is a business opportunity for building societies and mortgage finance houses.

The census also showed that 40.2 per cent of Kenyans were living in grass-thatched houses. I am sure they would desire to have *mabati* houses if they had the opportunity to buy or purchase them. The census also showed that 56.8 per cent of Kenyans live in houses with mud or wood walls. I am sure they would wish to get something more permanent with cement walls. The census also showed that about 69.7 per cent of Kenyans were living in houses with mud or earth floors. I am sure if they had the opportunity, they would need a better environment than is so.

The import of what I am saying is that there is still opportunity for decent housing. Kenyans still need decent housing and this is the role that these mortgage financing houses should be playing but somewhat in terms of exploiting this particular potential where the need for housing in this country still continues remains unexploited by and large. What these institutions need to do is to be able to target properly and strategise on how best they can harness this particular potential.

The problem we have with modern mortgage housing finance institutions and building societies is that they tend to target middle and high-income groups in the urban areas. They ignore, of course, the rural settings or, by and large, they do not focus more on the rural settings. They do not also focus on the low- income earners who may be interested in acquiring better housing. The terms of getting mortgages themselves are very stringent. The interest rates are very high. The income levels required for one to be able to qualify are very high. The payments per month are not affordable. These are the factors that contribute to Kenyans' inability to be able to take advantage of mortgage finance companies and to that extent, the mortgage finance companies are not able to do business.

Mr. Deputy Speaker, Sir, therefore, what we probably need is a new Sessional Paper on housing. Let us explore this potentiality, the needs of Kenyans as of now and how best we can modify the strategies and the instruments that are in place, so that they can serve Kenyans better. May I reiterate that the need for decent housing in this country has not been fulfilled. Many Kenyans aspire to own houses but the existing instruments and structures seem not to be amenable to serving them, particularly those in the rural areas and those with low income. This needs to be addressed at a better forum and not through such piecemeal changes. We should address this aspect through a Sessional Paper and, of course, in view of the housing policy in this country.

The Minister proposes that Sections 2, 3, and 4 should be deleted. In the parent Act, these particular provisions had placed caveats on what mortgage finance companies could do in terms of lending. One of these caveats, for instance, is the provision that not less than 75 per cent of loans given by mortgage finance companies

should go towards construction of residential property. This is the law whose deletion the Minister now proposes, meaning that it will no longer be a requirement for a mortgage finance company to specifically focus on the development of residential houses. Are we ready for this change of policy?

This means that mortgage finance companies will be free to invest even 100 per cent of their resources in other businesses. I do not know whether this is the kind of thing that we require. In the short-term, that may be agreeable because the economy is doing very badly; Kenyans are not able to afford mortgages. But the current poor performance of the economy is short-term. It is as if we are saying that we are going to be permanently in this state of affairs. What will happen if the performance of the economy improves and Kenyans begin looking for institutions where they can seek mortgages to build houses? Of course, we shall have removed this particular law. The building societies and other mortgage finance companies can always argue that they are not obliged to give mortgages. So, where will Kenyans go to for that kind of assistance?

Mr. Deputy Speaker, Sir, therefore, this is a matter on which we should reflect very seriously. Once you let a business entity invest in order to maximise profits, it will, of course, be guided by the rate of returns and the pay-back period on whatever capital it will have invested. There will be no, say, sectoral loyalty, as it were. This provision, which exists in the parent Act, used to oblige mortgage finance companies to stick to the building industry in order to support its development. If we remove this provision, mortgage finance companies will be free to do whatever business they wish. This may create a lacuna within the building industry, and the implications of this are obvious. In the long-term, there will be no investment in the building industry. The values of the houses that we have will, of course, appreciate to a point where Kenyans will not afford buying them. Rent on existing houses will go up manifold, affecting many Kenyans.

So, we need to reflect on this issue very seriously. We may have been prodded by the mortgage finance companies, because this change of the law is in their interest since they are in business, but they should remember that the laws that were created initially were in the interest of Kenyans. They were allowed to exist in order to serve the particular need of providing decent housing. So, instead of doing away with the existing caveats and the limitations on the mortgage finance companies, I beg the Minister to just reduce the percentage from 75 to something like 50 per cent in the short-term, so that we can see its implications. If the implications happen not to be as bad as some of us anticipate, we can go a step further and remove the particular caveat later. But it would be a bit premature and a precipitate action to remove the particular limitation that obliges mortgage finance companies to confine themselves to the building sector.

Mr. Deputy Speaker, Sir, as I have already said, Kenyans are still in need of decent housing. The only thing that mortgage finance companies and building societies need to do is strategise. They should not run away from the building industry to the banking sector, assuming that the banking sector is a bed of roses. They should ask banks to tell them what they are going through. Many banks have collapsed. It requires a lot of ingenuity and innovativeness to survive in the banking industry. So, if mortgage finance companies and building societies do not have that kind of imaginative thinking to survive in the building industry, I can predict that, if left on their own, they will collapse once the particular proposed amendment of the law is effected.

Of course, other amendments to this Act have been proposed, and I feel these fall within the same line as other proposals. I also have reservations about the changes proposed to Section 15(3), which have put certain limitations on what mortgage finance companies can do and what they cannot do. We need to reflect very seriously on some of the changes being proposed to this section. One of the proposed amendments seeks to provide that land shall not be the only security. It seeks to make other securities acceptable. The proposed amendment also seeks to remove the limit on the maximum loan a housing finance company can give. Previously, the Central Bank of Kenya used to set this limit.

The proposed amendment also seeks to remove the minimum period within which a loan has to be repaid. That means a housing finance company can decide the monthly premiums to be paid by a loanee. We have to reflect on this proposal. The proposal also seeks to remove the maximum interest rates chargeable, which the Central Bank of Kenya used to fix. This proposal now seeks to allow mortgage finance companies and building societies to charge any amount of interest on loans, particularly if they find that they have opportunities to invest elsewhere. Of course, with liberalisation, they are going to say that there is an opportunity cost involved in lending, in order to justify the higher interest rates they will be charging on their loans.

Mr. Deputy Speaker, Sir, also, the amendment seeks to remove any caveat and limitations on the timeframe involved in the type of investment.

Mr. Deputy Speaker, Sir, by and large, all I am trying to say in respect of housing is that these are far-reaching implications. We should not effect piecemeal amendments. We need to put them in their proper context and understand where the law came from and why these particular instruments came up. Unless we do so, we may find that we have undermined the very noble goal, which is, of course, of fundamental importance, of

providing decent housing to Kenyans through instruments in the private sector and institutions of this nature.

Clause 4 addresses the issue of amendment to the Deposit Protection Fund (DPF). I do not have difficulties with this particular provision. It is only broadening the scope of disclosures. Previously, banks could only disclose certain information related to their business to the Central Bank of Kenya. What is being proposed here is that now banks can exchange information. That is desirable for purposes of communication. In other words, the Standard Chartered Bank can inquire about an account of an individual, of course, subject to confidentiality. It can acquire information that can help it to make the right decisions from another bank.

Right now, if you have an account with the Kenya Commercial Bank, and, for instance, you deposit in it a cheque from Barclays Bank and you wanted to be sure that there is money in the drawer's account, there is no way the branch manager of the Kenya Commercial Bank can know whether there is money in the drawer's account before he takes the cheque there. When a cheque bounces, there are too many charges involved. Any attempt by a branch manager in a different bank to seek information from another branch will be construed to mean that he is infringing on the Banking Act, which emphasises confidentiality. This will help us, at least, particularly if one banks a cheque in the Kenya Commercial Bank and that particular bank wishes to get information in respect of a certain account. That will now be possible. Right now, there is only vertical communication. If there is to be any communication from one branch of a particular bank to another in terms of the state of business of certain accounts, it will have to be addressed to the Central Bank of Kenya, but not directly.

Mr. Deputy Speaker, Sir, in any case, we have a group of Kenyans who are wreaking havoc in terms of crooking around. All they leave is a trail of bad debts all over the place. He goes to the Kenya Commercial Bank, the Standard Chartered Bank and the Barclays Bank, borrows money and leaves bad debts. These various banks will not know whether that particular individual has incurred any liability or whether the credit worthiness of this individual can be assessed. Of course, banks issue application forms for applicants to give the required information, and sometimes inquiries may be made. But when an applicant is interested in a loan, he will apply and fill in information in his favour, so that the decision that will ensue will be to his benefit. So, providing this kind of mechanism is healthy. It will improve the management of banks and, particularly, help us in containing the problem of bad debts.

Mr. Deputy Speaker, Sir, Clause 5 is just an amplification of the functions of the Board of the DPF. I wish to say that this particular clause will now enable the DPF to deal legally with assets of banks that are under liquidation or under its custody. Previously, that provision did not exist. The provision that existed allowed the DPF only to dispose of property and take loans in respect of its properties. But this particular amendment will empower the DPF also to deal with assets of banks that have come under its purview, particularly those under liquidation. This is healthy and should be encouraged because now there will exist a legal mechanism.

But may I also raise one caution: Whereas we are empowering the DPF in order for it to deal with assets and liabilities as well as dividends that may accrue to depositors from banks under liquidation, we have also to protect the assets of these banks. My experience with liquidation, particularly of companies and co-operative societies, is that liquidators have a freehand, and the kind of things they do sometimes leave a lot to be desired. Liquidators end up wreaking havoc on the firms being liquidated since they watch over themselves. There may be regulations, governing Acts and procedures, but my experience is that liquidators sometimes end up causing a lot of damage while in pursuit of certain debts. They declare what they want to, and sometimes end up engaging in pillage to the detriment of the depositors. They are predatory. We are dealing with banks that are under liquidation and we are empowering the DPF to manage the assets carefully. These assets belong to our voters, and we do not want to see a situation where a liquidator, because he has been given a freehand, comes up and says that he only recovered Kshs3 million when the asset was, probably, worth Kshs10 million. He may have colluded with another person who may have been interested in the asset.

All I am trying to say is that it is important that the DPF is empowered, but we also need to ensure that the assets of banks which are under liquidation are also protected from liquidators. This is because some of the liquidators have done terrible things. When the Minister rises to give a response, he will need to address this particular issue very seriously.

Mr. Deputy Speaker, Sir, Clause 8 tends to put a limit on the timespan within which the DPF can refund deposits. It has provided for a two years timespan. Previously, there never used to be a limitation and I understand where the difficulty was. Sometimes the DPF took too long to pay its depositors, or depositors took too long to claim their deposits. The Bill has suggested that there should be a limit of two years. I am just wondering whether this is in the interests of Kenyans. To the extent that they took long to claim their deposits, there must have been a reason for this. My understanding is that there could have been a problem of communication. For example, if a bank collapsed in Nairobi and had branches all over the country, and some of the depositors were rural people, they took time to get the right information. Even when they got the information, it took them time to respond. It

also takes a long time to process these deposits. So, two years would be disadvantageous to many of the rural depositors, particularly given that even now, in spite of this leeway provided by non-existence of a time limit, it takes too long for deposits to be refunded. Let us just accept the reality that it takes too long to process refunds of deposits from a collapsed bank. A period of two years is too short. I would like to suggest a period of probably five years in both cases, in respect of a refund of a deposit and payment of dividends to a shareholder of a collapsed bank, in light of the experience we have gained.

Mr. Deputy Speaker, Sir, I am sure a lot has been said on Clause 9, which relates to the building societies. I think many of the arguments that have been presented here are valid because the Building Societies Act was enacted with a purpose. We have already said that it was part and parcel of a policy instrument to realise different housing projects for Kenyans. If it is going just to be left in this particular manner, you have to reflect very seriously what the alternatives are. As far as I can reflect, those alternatives have not been stipulated and we may have to address them comprehensively in a Sessional Paper related to housing.

Finally, the last clause - Clause 11 - relates to liquidating and winding up of the building societies. They tried to say that the building societies will not be liquidated according to the current Building Societies Act, but it will be handled in the same way banks are handled when they fall under this kind of problem. I think it may be desirable to handle them in the same way because, that way, savings and deposits of individual depositors will be protected. We hope the service will be much better and that Kenyans will not be at a loss when situations of this kind arise.

With those remarks, I beg to support.

Mr. Munyao: Thank you, Mr. Deputy Speaker, Sir, for giving me this opportunity to say a few words on this Bill.

Mr. Deputy Speaker, Sir, I listened to the Assistant Minister when he was moving the Bill and noted the points he highlighted. I also took interest in the Sessional Paper which has already been circulated on the Report of the Departmental Committee on Finance. I do not want to repeat what other hon. Members have said because quite a lot has already been said by the previous speakers. I would like to make very few remarks on the general principle of banking and, particularly, on borrowing and investments as outlined in the Bill.

Mr. Deputy Speaker, Sir, Kenyan borrowers, either in the field of building or investment face a serious risk. The serious problem with the borrower, in so far as these cases are concerned, is that a person who can invest very well is not so much talented to have a tangible asset to offer as security to acquire a loan. I am particularly referring to young investors. The tangible assets that are required as securities in order for one to be given a loan for investment ought to be looked into by banks. I am saying this because when an indigenous Kenyan is borrowing money from a bank, there are conditions tied to that loan with regard to securities. These conditions are different from conditions that foreigners are required to meet when they are borrowing money from banks to invest in this country, even when we are talking about the issue of land and so many other things which serve as tangible securities.

Mr. Deputy Speaker, Sir, when a foreigner and a Kenyan are seeking a loan to invest in the same project, a foreign borrower is not looked at from the same perspective by a banker. For example, when a Kenyan goes to borrow Kshs1 million to invest in a project, what is considered is the security that he has to offer in order to be given a loan. We would like banks to think a little wider instead of considering this man as Mr. So-and-so. They should consider what he is going to invest on. Let the security be based on the type of project the person has identified in his project proposal. This is because we have the feasibility studies and the actual project, which can show that, if this person is given a loan of Kshs10 million to start a project, that project can generate income to be used to repay the loan within a given period of time. If that is the case, why do banks not consider feasibility studies done and the actual project as a security for the loan to be given out?

Mr. Deputy Speaker, Sir, if this trend of insisting on securities continues and, particularly now that we have got people in the *Jua Kali* sector and other sectors, realising that land is getting scarce and scarce--- In fact, to get a loan for investment, you must offer security in the form of physical assets, for instance a building. If you have got a building to offer as security, you can be sure of getting a loan for investment. How many people own assets like buildings, land, *et cetera*? These assets are very scarce to come by. However, almost everybody is intelligent enough to initiate a viable project after carrying out some feasibility studies. Let the security for an investment loan be the actual project indicated in the proposal so that Kenyans can get bank loans.

Mr. Deputy Speaker, Sir, I am also considering some specific foreign investors whom I know in this country. There are some people who have no land or any tangible asset anywhere in this country, yet they seriously want to borrow money to invest in land. When they are borrowing, they use the same project proposal or some information to secure loans.

In the same context, there was a time when Kenyans were being supported to invest much more in this

country and this was a time certain conditions were being overlooked. Some areas were divided into indigenous zones and all this kind of thing. The loaning system was tied up to the financial aspect. I am so much concerned about this matter to the extent that I would like to request the Minister for Finance to try and influence the financial institutions which are financing projects owned by foreigners to leave a certain percentage for local investors. I am referring back to the period when we used to set aside foreign exchange allocation for businessmen. At that time, the Central Bank used to demand a certain percentage of indigenous input. This is not a very difficult thing to achieve because there is no way we can promote our own people and encourage them to invest in this country unless we require them to offer indigenous input for investments.

I have got some particular examples to give here. In South Africa, where I was a few weeks ago, I found that for an investor to invest in some sectors, it is mandatory to have a local input in the form of ownership. This is the only way we can encourage Kenyans to come forward and invest.

Mr. Deputy Speaker, Sir, banks and financial institutions have got another system that they follow, even when they are now lowering interest rates. For example, if you go to a bank, you will clearly be told that the interest on a loan will be about 14 or 15 per cent. However, when you look into what they have taxed later on, you will find that the interest rate has gone up to 20 or 24 per cent. Here, I have got an example of a banker's order. You will find that when you go to a bank wanting to transfer about Kshs500 using a banker's order, the bank will charge you so much money. Surely, is it encouraging for people to make payments using a banker's order? It is not. This is the case, and yet you will find that the institutions you want to pay the money to do not accept any other form of payment, except a banker's order, which costs you three times the amount you want to pay.

Mr. Deputy Speaker, Sir, on the same aspect, I would like to touch on pension, which is received through the banks. There are some people who get a pension of about Kshs300 or Kshs400 through the bank, and yet you find that every month a commission, which is almost the same amount is recovered. So, this transaction goes in as credit and then it is taken as commission by the banks.

The Bill the Minister was being asked by the Departmental Committee on Finance, Planning and Trade to consider bringing here is very important. I do not want to anticipate debate because we will raise many issues. I would like to request the Minister to consider local investment so that banks view an investor as an investor and lend him money without asking him to provide security for the money borrowed. Feasibility studies and other project documents are enough to secure the money which is borrowed from the banks.

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

Mr. Muite: Mr. Deputy Speaker, Sir, when one looks at page 497 of this Bill - the Memorandum of Objects and Reasons - in particular, Clause 4, he will find that it proposes to amend Section 31 of the Act to facilitate the exchange of information between the Central Bank of Kenya (CBK) and institutions licensed under the Act in the orderly course of business in a manner to be prescribed by the Minister. The proposed Clause 3(a) on page 966 says:

"The Central Bank may disclose any information referred to in subsection (2) to any monetary authority or financial regulatory authority, within or outside Kenya, where such information is reasonably required for the proper discharge of the functions of the Central Bank or the monetary authority or financial regulatory authority."

For too long, we, as a nation, appear to differ with what outsiders want. It is my view that the real objective of bringing this amendment to the Banking Act is to enable the fight by outsiders, for example, the donor community and western nations to trace money laundering, particularly, in the light of people like the *Al Qaeda* and the Taliban. The western nations want to make it impossible for anybody to hide any money. So, the real objective of this amendment is, in fact, again, to accommodate the wishes of the western nations. They want to stop any money laundering. I would like to point out that exchange of this information is intended to enable people to trace money to ensure that there is no money laundering or money derived from drugs or by those who should not use the banking systems, like the Taliban and so on and so forth. I am not suggesting that there is anything wrong with that.

Dr. Anangwe: On a point of order, Mr. Deputy Speaker, Sir. The hon. Member has said that this particular clause is being brought in at the prompting of outsiders, but when you look at the original or parent Act, it still had similar provision, which was brought in under No.9 of 2000, within or outside Kenya. So, this clause is not new. In fact, he is trying to mislead us. This clause is not being brought in right now, but it used to be under Section 31(3), line three. The hon. Member should not mislead us.

Mr. Muite: Mr. Deputy Speaker, Sir, you could ask Dr. Anangwe to speak to me through you rather than directly. I am doing no more than reading what the Government has presented to this House. If you look at page 965, you will see that Section 31 of the Banking Act is being amended by deleting Sub-section 3 and substituting therefore, a new section. What I have been reading is the new section on page 966. This section is being inserted.

Why is it being inserted now? I am presenting my views. Perhaps, when Dr. Anangwe catches your eye, he will present his views, which may be slightly different from mine. But I should have the opportunity to present my views.

Dr. Anangwe: On a point of order, Mr. Deputy Speaker, Sir. The so-called new section remains the same. It is now called 3(a). What has been added is what is new. I would like to point out that Section 3(a) is not new. The wording is just the same as in the current Section 31(3). It is exactly the same. The only difference is that "a" has been added to it, but "b" is what is new. So, let him not tell us that there is anything new.

Mr. Muite: Mr. Deputy Speaker, Sir, I have difficulties in following what this hon. Member is trying to say. I have read Clause 3(a). I have not gone to Clause 3(b). I am saying that the Government has added "a" because it wants aid, or somebody out in Washington, Paris or London wants you to put this clause. Why has it brought it now? I am not saying that the clause is bad, but I am saying---

Mr. Deputy Speaker: But in any event, whether it is new or old, your point is not invalidated!

Mr. Muite: Mr. Deputy Speaker, Sir, the argument I wanted to develop is that we should give the interest of our country as the first priority. We should amend our laws or enact laws bearing in mind what is best for this country and not what is best for the western donors, the FBIs or the World Bank. The aspect of following money laundering is the major thing as far as the western donors are concerned. Therefore, we rush to put it in our laws. We do not show the same alacrity or speed when it comes to issues that would be of benefit to us. For example, why did the Government not amend the Banking Act earlier on, in order to address the local money laundering; money that comes from land grabbing and corruption and is within the country? Why did we not amend the law in order to allow exposure? Why does the Government, for example, resist very strenuously any attempt by this House to get information about a particular account within the banking system in this country; where the disclosure would be for the public interest? That is the point I am making. The issue of submitting to the donors in order for us to get money is not just humiliating, but also wrong. As a nation, we have become dependent on aid. When you become dependent on aid, there is little difference between being addicted to aid syndrome; there is no difference between that and being addicted to drugs or alcohol.

We have become addicted to aid, as a nation. Aid can never on itself resuscitate the economy of a country. The role of aid can be compared to a car with stalled engine. If you are in Mombasa and you have got a car whose engine has stalled because, perhaps, the batteries are down, you can call the bystanders to push it. The engine may be very good, but you cannot start it because you do not have a working battery. When you push the car, the batteries will work and the engine will be able to fire and you will be able to drive to Nairobi. But, if you have an engine knock and the batteries are fine, and you ask people to push your car, and they push it all the way to Mazaras, they will not be able to push that car all the way to Nairobi. They will get tired and they will quickly discover that your car has got an engine knock. It does not matter even if you push it to Voi, the engine will never fire and the car will never start. The car will not propel itself to Nairobi. We, as a nation, are very much like that, in that we are expecting the donors to push the Kenyan car from Mombasa to Nairobi. We need to overhaul the engine first so that we remain with the problem of batteries that are down. Only then can we benefit from aid so that when the Kenyan car is pushed, the batteries and the engine can start and you can propel yourself. But once you become addicted to aid, which is the only reason why we are putting these sort of clauses in this Bill, it is not healthy for Kenya. It is not in our interest to do that. As I said, we should be more concerned with internal money laundering. The reason why donors are concerned with external money laundering is because it is in their interest. We have got to reverse our priorities and prioritise our own interest as a nation.

Mr. Deputy Speaker, Sir, I can demonstrate the point I am trying to make here. In Europe and America, because the drugs ruined the lives of young men and women in the western civilised nations, a longtime ago, they amended the rules in the banking sector in Europe and in the USA to the point where today, if your account on the average has got only US\$10,000 in terms of volume and you were to suddenly receive a cheque for US\$1 million, that cheque would not be credited to your account. The bank manager will say that on the average, the volume of your account has been around US\$10,000. So, where has this cheque for US\$1 million come from suddenly? They will not credit it. They will ring the monetary authorities because they will suspect that it might be drug money and until you explain that the US\$1 million is clean so that it can be credited, in fact, you will be followed for them to satisfy themselves that it is not drug money. You can see the efficiency with which they are making it impossible in Europe and western capitals for drug money to go into the banking world. They are extending that to the Third World. We are being prevailed upon to do it not just because of drug money, but because also of these terror gangs that they want to deny access to banking. When their interests are attacked they move and that is understandable. Nobody is quarrelling with that, but they do it because their priorities are their own interests.

I have for a long time wondered how they formulated these rules to make it impossible for drug money to be banked anywhere in Europe and yet, for the last ten years, the World Bank, the western nations, Washington,

London, Paris and Berlin have turned a blind eye to the banking of money from corrupt deals in the Third World countries. They have never gone out of their way to make it impossible for people from the Third World who loot their countries to bank that money in the western capitals. Let us ask ourselves why. It is because that money does not injure the interest of the western nations.

Mr. Deputy Speaker, Sir, although this clause is good, do we have to wait until we are told by the western donors that we must now follow suit and make it impossible for money to be laundered in Third World country banks? Should we not actually have set the example by making it impossible for the internal money laundering to be banked even here in Kenya? That is the point I am making. I am not objecting to the clause. It is a good clause. I am only making the point that this Government does not do anything on its own initiatives until it is told by the World Bank and the western nations. Whose priorities do we have in mind; is it Kenya's national interest or is it the interest of the western nations? When we are talking about the interests of Kenya as a nation *vis-a-vis* the interests of the western nations, it is not just in banking. It cuts across the board. Let us always put our own interest ahead of everything else.

Mr. Deputy Speaker, Sir, this clause is an example of globalisation. They want to standardise the banking practice. They want to standardise internationally the rules of following money laundering and exchange of this information. This is being globalised because it is in the interest of the western nations. But what about globalising matters that are of interest to us as a nation? Today, Kenyans are being rounded up in the USA because they do not have regular immigration status according to the USA. Our banking system is being standardised to be in line with what they have in the USA and yet, Kenyans are being rounded up because, perhaps, they finished their studies and they have not come back. We are being told to open up our markets because this is the age of globalisation. We would like this Government, even as they agree to include a clause like this one, to make out a strong case for the Kenyan nationals and to tell the American Government that during the days of the Cold War, America supported Third World dictators as long as they pretended they were pro-West and they were against Communism. Billions of dollars were poured into the pockets of Third World dictators, and America knew that money was being stolen. It was not going to assist the nationals of these Third World countries. But as long as one said he was against Communism and he was pro-West, they were supported. They were given ammunition and their armies were trained, and in the process, they established systems that were based on patronage. They abused human rights of their own people and destroyed the economies of their own nations. So America has got a legal and moral responsibility for the actions during their Cold War. Who is more deserving today, a political refugee who gets automatic political asylum in the western capitals, or an economic refugee? In my submission, the economic refugees are more deserving to be in those capitals. America is the one which is responsible for the destruction of the economies because of supporting the Third World dictators. So, they should accept these economic refugees. They should not be rounding them up.

Mr. Deputy Speaker, Sir, the second argument that we should put up is that, if we are opening up our market, the other component of a free market system is labour. We are opening up our market to the sale of manufactured goods. Why does this Government not argue, even if they are being told to put a clause like this one in amending the Banking Act? Why not argue that in terms of this globalisation, we are demanding that America, Britain, Germany and other developed nations must open up their labour markets to competition? Let Kenyans go and look for both skilled and unskilled labour in those western capitals. These are issues that we must bring up. It is not just a question of meekly submitting to every request that is put to us on how to amend the Banking Act, without your putting forward an alternative argument. We have got to put up an alternative argument in favour of what is in our best interest.

This country is not in a position to absorb, perhaps, thousands of Kenyans who might be kicked out from the western capitals. They have not fled Kenya of their own volition; they are fleeing poverty. These are the people the Government should stand up, argue and make out a case for. They should not be sent back to this country. Make out a case for them even now that some Kenyans have been rounded up. We should have their immigration papers regularised by America and they should not be sent back to Kenya.

Mr. Deputy Speaker, Sir, moving on to the bit that hon. Anangwe wanted me to address - I hope the Minister has got a copy of the Bill with him - if he opens page 966, I have a quarrel with Clause 4(b). It gives power to the Minister. It says:-

"The Central Bank and institutions licensed under this Act may, in the ordinary course of business, in such manner and to such extent as the Minister may prescribe, exchange such information as is reasonably required for the proper discharge of their functions."

Mr. Deputy Speaker, Sir, I have considerable hesitation in giving this sort of power to the Minister. I have had occasion to complain in the past. You remember that when we were debating the Retirement Benefits Authority Bill, we gave similar power to the Minister to go and make regulations. The Minister proceeded in the

case of the Retirement Benefits Authority to make regulations that are siphoning retirement benefits for small and medium- scale firms which are required to spend a lot of money to administer the retirement benefits schemes. For example, they are required to pay an annual fee to the Retirement Benefits Authority, which they cannot afford. They are also being required to employ chartered accountants. The scheme is so expensive to administer that a lot of small-scale manufacturing business concerns are actually winding up voluntarily retirement benefits schemes they had for their staff. This is simply because they cannot afford the cost which is being introduced to the management of these schemes by the regulations which the Minister has enacted.

Mr. Deputy Speaker, Sir, what the Minister should do is to make sure that these regulations are part of the Bill, so that Parliament can have the opportunity to discuss them. The Minister can go and effectively nullify an Act of Parliament and come up with draconian regulations that were not foreseeable when we, as Parliament, were enacting and giving these powers to the Minister. I would like to see the regulations that the Minister has in mind. I would like to know to what extent the Minister wants to prescribe.

Mr. Deputy Speaker, Sir, it is about time that Parliament was a little less generous in giving the blank cheque to Ministers to go and control things in such manner and to such extent as the Minister may prescribe. In fact, even the word "reasonably" is not even introduced. It says: "...exchange such information as is reasonably required for the proper discharge of their functions." The word "reasonably" here is only with regard to the exchange of information. But in terms of the regulation, the extent to which the Minister is to prescribe is not even being subjected to the term "reasonably". There are many examples where the Minister is given powers in a blank cheque like this one and he has gone ahead to wreak havoc in the industries. Different Ministers in this Government are not actually in the habit of being "customer-sensitive".

You should be sensitive to people from whom you collect this money or to those people who will be affected by your action. You do not make a habit of going to ask them how the implementation of the Act is affecting them. Even in matters like VAT, you should make a habit of going to the market to find out how the enforcement of this tax affects your customers. You should be customer-friendly.

Mr. Speaker, Sir, I can assure this House that when we give a blank cheque like this one to the Minister, he will not make any effort to go and find out from those who are being affected, both banks and the individuals. He will not find out how these regulations and their enforcement will affect his customers. We would like to see an improvement or an amendment because it will affect those people from whom you intend to collect money. These are your customers and you should have continuous dialogue with them. But in the absence of it, Parliament should be jealous in terms of giving this sort of power to the Minister.

Mr. Deputy Speaker: In fact, Parliament is jealous because when the Minister makes the regulations, he publishes them! Parliament has the opportunity to object them.

Mr. Muite: Mr. Deputy Speaker, Sir, we have seen occasion when somehow those regulations have been slipped through and they have the force of the law and they wreak havoc to customers. For example, I do not remember whether the regulations of the Retirement Benefits Authority were ever laid on the Table of this House.

Mr. Deputy Speaker, Sir, I would rather we adopted a different approach. The Minister should be required to attach those regulations to the Bill. It will be appropriate time for us to discuss each particular section. I would like to see a situation where those regulations are actually annexed as a Schedule to the Act. That would be a much more business-like way of doing things, so that one can read the regulations and see that they are actually promoting the objectives which are set out in the Act. I think, in the old days, the Ministers never went outside the four corners of the objectives of a particular clause. But these days, we have seen all sorts of things. You give the Minister the authority, under the Forest Act, to act. One assumes that they will work in the best interest of the nation. But they do not! They become arbitrary. What they say is that they have the power. What they are doing is actually acting in breach of those powers. Where power is given by a section in an Act of Parliament, that power is in nature of a trust. The Minister should only exercise those powers in promotion of the objectives of the Act and not to harm the interest of the public. Where we have such powers being exercised by the Minister to harm rather than to promote the public good, it is time that Parliament then devised new ways of doing things.

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

Mr. Obwocha: Thank you, Mr. Deputy Speaker, Sir. I would like to make very brief comments on the Banking (Amendment) Bill. The amendments being proposed by the Minister are workable, but we need to ask ourselves what banks are supposed to do to Kenyans. Banks are supposed to help Kenyans to develop. They are supposed to help this economy run properly. The Central Bank is supposed to assist the Government and the people of Kenya to make sure we reap maximum benefits from the banking industry.

Mr. Deputy Speaker, Sir, what surprises me is, instead of our banks going into the rural areas to open up the economy, they are closing down. I have an example of Nyamira District where I come from. In Nyamira

District, there is only one bank, the Kenya Commercial Bank. The National Bank of Kenya closed its branch. I would like to tell the Minister that one of the major cash crops which has just declared the second payment popularly known as tea bonus, is tea. There are five factories in Nyamira District; Kebirigo, Sang'anyi, Nyansiongo, Nyankoba and Tombe Tea factories. If you look at the current figures of the tea bonus, it adds up to Kshs1.5 billion. The National Bank of Kenya closed its branch in Nyamira on the pretext that there was no business. How can people who generate Kshs1.5 billion never bring any business to a bank? Even if they were charging interest at the rate of 1 per cent, that money would be enough to run that branch for a whole year.

Mr. Deputy Speaker: But if you do not bank the Kshs1.5 billion, it will not help the bank!

Mr. Obwocha: Mr. Deputy Speaker, Sir, that Kshs1.5 billion does not pass to farmers as cash because there are many robbers. So, they make sure KTDA agrees to pass that money through the bank. If, indeed, the money passes through the bank, then it must be charging some interest. It amazes me that banks can shut down their business in areas where there is business. If they were doing it in some place where, maybe, it is dry, there is no cash crop or the money being generated is not enough, you would understand why they are doing so.

Mr. Deputy Speaker, Sir, the National Bank of Kenya having closed that branch, it would be a tragedy if KCB follows suit. There was once a British Prime Minister known as Gladstone in 1894. When he beat the then leader of the Tories, Disraeli, he said that if Gladstone were to fall into River Thames, that would be a misfortune for the United Kingdom. But if anybody were to take Gladstone from River Thames, that would be a calamity for the United Kingdom. If KCB closes that branch in Nyamira District, it will be a calamity to the people of Nyamira. We need that branch in Nyamira District so that it can handle the current banking problems of the people of the area.

[Mr. Deputy Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, the second point I want to make is with regard to building societies, which the Minister wants to amend. We know that the money that is going to the building societies is our savings. These savings are supposed to help us build up our resources in order to facilitate us buying houses. But who has killed the building societies in this country? The building societies have been killed by Government merely because one person does not like the other. We should separate politics from economic issues. If we are going to develop as a nation, we must differentiate real politics from the economic issues. Some of those building societies that collapsed, for example, the Pioneer Building Society have people's money. People sunk their money there. At that time, the Deposit Protection Fund had not been established. People lost their money in some of these building societies. Therefore, if Government is serious about building these societies so that people can channel their savings to these organizations, then they must be serious in protecting them.

Mr. Temporary Deputy Speaker, Sir, in any case, Kenyans should have by now realized that not only foreign investments can build this nation. Kenyans must save their own money. They must start a programme of saving. To that end, the Minister for Finance needs to address himself to the taxation of savings. What is the point of saving so much money which has already been taxed at source when you are getting it as salary? What is the logic if you really want to encourage local investment? The Provident Fund; the authorised pension scheme, is being taxed when people are being paid at the end, and yet, when they were receiving that money as salary, they were taxing the same money. We would like to know what policies Government has put in place to make sure that the building societies are protected.

Mr. Temporary Deputy Speaker, Sir, I would like to say something with regard to voluntary liquidation. This is in connection, particularly, with companies. One issue which is very common in this country is for companies to go to the Registrar of Companies and register companies. After a while, when they have frozen public corporations, they wind up them up unvoluntarily. They make a deal and then they wind them up.

Recently, there was a case where somebody knew that a cheque of so much was to be deposited at the bank. Then he went and opened an account and channelled that cheque to that account. He withdrew the money and closed that company. Up to now, he has not been apprehended. Sometime back, I remember reading in the newspapers where a person was jailed for five years for opening an account in the name of Stanley Hotetto. What that man was doing was that he was getting cheques from Stanley Hotel and making some little alterations at the end by adding the word "to" to those cheques. A cheque which is genuine and written to Stanley Hotel changes to Stanley Hotetto. Then he closed that company, by winding it up voluntarily.

Mr. Temporary Deputy Speaker, Sir, it is high time the Minister for Finance, in consultation with the

Attorney-General, looked into this issue of voluntary liquidation. This is because that is one way of fleecing the people of this country; through voluntary liquidations. If a company is going into voluntary liquidation, there must be an inquiry on how it has been operating and why it has gone into voluntary liquidation.

Regarding money laundering, our colleagues have said quite a number of things about it. Recently, there was money brought into this country; Kshs2 billion. Who is now talking about that money? Where has that money gone to? All we saw were some rounds in courts, and now nobody is talking about it. The Central Bank of Kenya alerted the country that money had come into the country. We were told that it was a loan. It was a loan for what kind of business? What kind of business can you do to pay a loan of Kshs2 billion as an individual in Kenya? I want to ask the Minister for Finance, and the Government: What measures have you put in place to stop another Kshs2 billion coming into the country through money laundering? Is this not money from drugs? You have not told us about the source of the money! This country is waiting! This is money that has come to destroy this country. We want to know the truth about that.

Right now, people are pouring money in Kilome. Where is that money coming from? We brought a Motion here, where we wanted political parties to be funded.

QUORUM

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. There is no quorum in this House. Where are the Ministers? The Front Bench is empty!

The Temporary Deputy Speaker (Mr. Muturi): Yes, it is true that there is no quorum. Ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Muturi): Order, hon. Members! There is quorum now. Proceed, Mr. Obwocha.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I was almost completing my contribution before hon. Angwenyi insisted that there must be 30 Members of Parliament in the House to listen to my contribution.

Mr. Temporary Deputy Speaker, Sir, if a country wants to destroy itself, then let them accept money laundering. This is the money that has destroyed many countries. The sooner the Government addresses this issue, the better.

Mr. Temporary Deputy Speaker, Sir, in the late 1990s, the Central Bank of Kenya allowed what we call "kiting", where a bank lodges a cheque, hoping that another cheque which they had been paid is going to be cleared. These banks misled the Central Bank of Kenya into believing that the actual money was going to come. In essence, they were exchanging cheques between one bank and another. In that process, three banks were able to rob the Central Bank of Kenya a total of Kshs6 billion through kiting. These banks were the Trade Bank---

(Loud consultations)

Mr. Temporary Deputy Speaker, Sir, could you, please, protect me from hon. Angwenyi who invited all Members of Parliament to come back into the House to listen to my contribution? He is making very loud consultations with the Minister for Local Government, who has not cleared his name from the scandal in City Hall!

Mr. Kamolleh: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to impute improper motives on the Minister for Local Government? In fact, he has taken over the work of the Chair. That matter is yet to be cleared through a Ministerial Statement!

The Temporary Deputy Speaker (Mr. Muturi): Mr. Angwenyi, Mr. Obwocha wants the House to consult in low tones. Please, consult in low tones.

Proceed, Mr. Obwocha.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I was pleading with you to request the two "Ministers" to consult in low tones.

Mr. Angwenyi: I am not a Minister! I am a KANU rebel!

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I am sorry for that omission. I was referring to a Minister and a KANU rebel.

(Laughter)

They should consult in low tones!

Mr. Temporary Deputy Speaker, Sir, what I was saying is that, through this issue of kiting---

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. You heard hon. Obwocha allege that hon. Kamotho has not cleared his name from a certain matter. Now that hon. Kamotho is here, could hon. Obwocha be compelled to say what that matter is?

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, the Chair and I know that a Ministerial Statement was sought when hon. Kamotho was not here. On Thursday, the Ministry will issue that statement, stating whether the Minister for Local Government and somebody else have "eaten" Kshs48 million. But we are going to hear from hon. Kamotho on Thursday! I have no information as to whether he is involved in that scandal or not.

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the Member of Parliament for West Mugirango also clear his name as to whether he signed the statement which indicted the hon. Minister for Local Government and the Vice-President and Minister for Home Affairs?

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I would like to clear my name. I never signed that statement because I was not in the Press conference which came up with those allegations. I do not know even why hon. Angwenyi is dragging my name into this matter!

The Temporary Deputy Speaker (Mr. Muturi): Mr. Obwocha, it is advisable that you stick to the debate before the House.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I am contributing to the debate before the House, but I must respond to the very many rude points of order. I do not know the contents of the Press statement which was made, but I will defend the people of Nairobi to death. They must get clean and safe drinking water. But as for the scandal at City Hall, hon. Kamotho will come and tell us on Thursday.

Mr. Temporary Deputy Speaker, Sir, we do not want a repeat of what---

Mr. Angwenyi: Are you an interested party?

Mr. Obwocha: No. I am not an interested party. In any case, I do not own any company!

The Temporary Deputy Speaker (Mr. Muturi): Mr. Obwocha, you can ignore other side issues and stick to the Bill.

Mr. Obwocha: Mr. Temporary Deputy Speaker, Sir, I plead with the Chair to protect me from my colleagues.

The Minister for Finance should not allow a repeat of what happened in 1993 and 1994. Through kiting, Trade Bank, Post Bank Credit and Exchange Bank defrauded the Central Bank of Kenya of Kshs6 billion. Before I was interrupted, I was explaining what kiting is. Through this system, a bank lodges a cheque and draws that money overnight, giving the impression to the Central Bank of Kenya that the other cheque is going to be honoured. Central Bank of Kenya allowed that system to operate and people withdrew Kshs6 billion belonging to depositors and the Central Bank of Kenya for their own use. Eventually, the Trade Bank, Exchange Bank and Post Bank Credit all went into liquidation. We do not know where this money went to. Somebody must explain this! The Minister for Finance should explain to this House what measures he has put in place for efficient economic management of this country, through the Central Bank of Kenya.

The Central Bank of Kenya must be responsive to the needs of the people of this country. We do not want a situation where this thing is repeated again. The people of this country are **[Mr. Obwocha]** demanding that we put in place proper economic policies. There is no point of blaming the International Monetary Fund and the World Bank. The other day, I gave the example of Botswana which stopped borrowing from the World Bank and the International Monetary Fund because they put in place proper policies, and followed them. That is why their currency is two to US\$1, while on the Kenyan currency, we are talking about US\$1 to Kshs80. We are the ones who have destroyed our own country. That must stop if this country is going to progress.

Mr. Temporary Deputy Speaker, Sir, since I know my other colleagues would like to contribute, I will end my debate there.

With those few remarks, I beg to support.

Mr. Angwenyi: I thought I was still an Assistant Minister! But even the appointing authority does not know that I was sacked as an Assistant Minister!

Mr. Temporary Deputy Speaker, Sir, these amendments undertake to correct a situation which has really gone to the deep end of ineffectiveness. As we know, we recently passed the so-called "Donde Bill". We tried to correct a situation in our banking system. Although that Act has not been implemented yet, we believe that it will be implemented soon. If that is done, it will go a long way in improving the performance of our financial

institutions. The banking institutions, which are the object of this Bill, need to be protected. We have opened up all the sectors of our economy too much!

The Assistant Minister for Trade and Industry (Mr. Ekirapa): On a point of order, Mr. Temporary Deputy Speaker, Sir. We are just repeating ourselves! I beg to move that the Mover be now called upon to reply.

QUORUM

Mr. Muite: On a point of order, Mr. Temporary Deputy Speaker, Sir. Are you satisfied that the House has a quorum?

The Temporary Deputy Speaker (Mr. Muturi): No, we do not have a quorum. The rules of the House must be followed. Ring the Division Bell and if we do not have the sufficient number, we will take the necessary action.

(The Division Bell was rung)

ADJOURNMENT

Mr. Temporary Deputy Speaker (Mr. Muturi): Order, hon. Members! The House has failed to realise a quorum and we must obey the rules. It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 7th November, 2001, at 9.00 a.m.

The House rose at 6.00 p.m.