

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Thursday, 25<sup>th</sup> August, 2016

The House met at 9.30 a.m.

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

### PRAYERS

### QUORUM

**Hon. Deputy Speaker:** Hon. Members, we do not have quorum. Can we have the Quorum bell rung?

*(The Quorum Bell was rung)*

Hon. Members, we can now settle down. We are properly constituted.

### PETITIONS

#### INVASION OF TWIN HILL RANCHING COMPANY LAND BY SQUATTERS

**Hon. Deputy Speaker:** Let us hear Hon. (Dr.) Kimani.

**Hon. (Dr.) H.K. Njuguna:** Thank you, Hon. Deputy Speaker. I hereby, on behalf of the shareholders of Twin Ranching Company Limited, present this Petition.

I, the undersigned, on behalf of shareholders of Twin Hill Ranching Company Limited, draw the attention of the House on the following:-

THAT, in 1966, shareholders of Twin Hill Ranching Company Limited purchased 1,038 acres of land LR No.3567 located in Ithanga Location, Gatanga Constituency from a white settler, one Mrs. Kirstein Christensen;

THAT, in 1977 the said parcel of land was allegedly grabbed by a group from the then Machakos District. Consequently, a case was filed in court and the court ordered the squatters to vacate the land;

THAT, in 1990, the said land was sub-divided and shareholders issued with title deeds, but, to-date these land owners have not occupied their land due to the presence of the 3000 squatters;

THAT, these land owners are unable to utilise their parcels of land since it is occupied by some squatters;

THAT, efforts to resolve this matter with the relevant authorities have been futile;

THAT, the matter presented in this Petition is not pending before any tribunal or court of law.

Therefore, your humble petitioners pray that the National Assembly, through the Departmental Committee on Lands:-

- (i) recommends resettlement and compensation of the members of the Twin Hill Ranching Company Limited;
- (ii) Ensures that the petitioners' plight is addressed; and,
- (iii) makes any other order or direction that it deems fit in the circumstances of the case.

And your petitioners will ever pray.

ALLEGED FINANCIAL IMPROPRIETY AT  
THE EAST AFRICAN BREWERIES LIMITED

**Hon. Deputy Speaker:** Yes, Hon. Jakoyo.

**Hon. Midiwo:** Hon. Deputy Speaker, I rise, on behalf of a private citizen, to present a Petition for urgent intervention of Parliament to the matter of financial and peculiar administrative issues at the East African Breweries Limited (EABL). The Petition is a bit long but I will read part of it since I am about to submit it.

I, the undersigned, a citizen of the Republic of Kenya, in the exercise of Article 119 of the Constitution, and having requested the Member for Gem, Hon. Jakoyo Midiwo and the Deputy Leader of the Minority Party to present this Petition to the National Assembly on behalf of myself and the general public respectively, draw the attention of the National Assembly to the following issues of major concern for deliberation and prudent resolution:-

THAT, the EABL is a Kenyan-based and registered holding company that manufactures branded beers, spirits and non-alcoholic beverages. The company has subsidiaries including Kenya Breweries Limited, Uganda Breweries Limited, Serengeti Breweries Limited, United Distillers, Aventinus, East African Malting Limited and East Africa Breweries International which is the export arm of the EABL currently covering South Sudan, Rwanda, Burundi, Eastern DRC, Duty Free Sales International and other export markets.

THAT, the EABL is listed at the Nairobi Securities Exchange. The Group's largest shareholder is Diageo PLC which is reported to hold 50.03 per cent. Other shareholders who include members of the public, in total, are reported to hold 49.9 per cent. Diageo PLC is a British multinational alcoholic beverage monopoly whose headquarters are in London, England. It is said to be the largest world producer of spirits and a major producer of beer and wine.

THAT, the EABL's role in Kenya's economy in terms of investments and creation of direct employment is over 1,500 people in Kenya, and indirect employment to another 2,000,000 across East Africa is enormous. Thus questions of insignificant financial and administrative irregularities that prejudice the company as a going concern obviously create apprehension in the public.

THAT, the EABL's continued existence as a going concern in the short-term is questionable since the balance sheet is wanting. The company has been engaging in creative accounting to deceive the public and the regulator. For instance, the current assets of the EABL as at 30<sup>th</sup> June, 2015 were valued at Kshs25 billion against the current liabilities of Kshs24 billion indicating a possible cash flow and liquidity challenges. Indeed, despite the fact that for the same period the non-current assets were valued at Kshs42 billion against the non-current assets of Kshs28 billion, the company was experiencing huge liquidity problems leading to massive borrowing to finance other debts and hoodwink the regulator.

THAT, due to liquidity problems and seeming desire to fleece the company, it has hurriedly offloaded most of its fixed assets. In particular, the EABL sold 15 acres at its Ruaraka Headquarters and its glass bottle manufacturing subsidiary company. The company has also been selling property and assets in Kisumu, Mombasa, Nairobi, Thika Depot, Garden City Mall, Head Office Land and building, the canteen, bottling plant among others. The company has also been transferring deposits from local banks to the UK and other EU nations while borrowing heavily locally

THAT, part of local staff believe that European investors may be intending to fleece the company, disposing most of its local assets such as land, buildings and stealthily repatriating revenues to Europe and then leave it a financial skeleton akin to the recent case of one of the controlled telecommunication companies.

THAT, the EABL has been engaging in transfer, pricing and tax evasion practices through its biggest shareholder Diageo PLC with the aim of transferring profits to the United Kingdom (UK), which has favourable tax regimes, hence irregularly denying the Government tax revenue. Even if Section 85 of the Tax Procedures Act, 2015 gives the Kenya Revenue Authority (KRA) powers to investigate pricing arrangement between local units of multinationals with their parent companies and overturn any that it deems to have been structured with intention to avoiding tax, the Commissioner-General is yet to initiate any investigations.

THAT, a glance at the financial statements of EABL for the 2014/2015 Financial Year can also shed light on the malpractices relating to tax evasion. For instance, in the year ending 30<sup>th</sup> June, 2014, the EABL had a net revenue of Kshs60 billion and Kshs64 billion for the financial year ending 30<sup>th</sup> June, 2015. However, the tax remitted to the Government was Kshs3.5 billion and Kshs4.6 billion for the 2014 and 2015 financial years respectively. The amount of tax remitted to the KRA does not correspond with their net revenue for the 2014/2015 Financial Year indicating possible engagement in tax evasion practices which is clear violation of the Tax Procedures Act, 2015.

**Hon. Deputy Speaker:** Hon. Jakoyo, it seems that the Petition is too long. Will some of the issues be prosecuted during the actual investigation? What is the prayer? Let us hear the prayer because that information will be good for the report once the investigation is carried out.

**Hon. Midiwo:** Hon. Deputy Speaker, I will do so. I will oblige. The prayers are as follows:-

While noting that the EABL is a publicly listed private company whose largest revenue is derived from local consumption of its products in Kenya, a substantial percentage of its share is held by the public. Your very humble petitioners pray to the National Assembly to:-

- (a) carry out urgent inquiries into the aforementioned issues and an order of forensic investigations be undertaken by a competent independent authority with the view of safeguarding the public investment and public interest in the EABL;
- (b) require that the Capital Markets Authority (CMA), as an independent public agency established to enact a regulating body to supervise and monitor the activities of the persons licensed under the CMA Act, examines the activities of the EABL as related to the financial statements and trading at the Nairobi Stock Exchange (NSE);
- (c) further require that the KRA, in pursuant of powers bestowed on it by the Tax Procedures Act, investigates pricing arrangements between the EABL and Diageo

- PLC and cause recovery of any that it deems to have been structured with the intention of evading tax;
- (d) introduce tax incentives and financial subsidies to encourage other local alcohol-manufacturing companies to thrive, particularly those wholly owned by Kenyans;
  - (e) require that the Auditor-General carries out management and financial audit at the EABL and publishes a report, preferably before the next Annual General Meeting (AGM) of the company;
  - (f) inquires and discloses the number of work permits issued to foreigners working for the EABL, status of each and require the Department of Immigration to confirm whether these foreigners were engaged in jobs that could not be undertaken by Kenyans; and,
  - (g) make any other recommendations so as to address the concerns contained in the Petition.

**Hon. Deputy Speaker:** This Petition stands committed to the Departmental Committee on Finance, Planning and Trade while the first Petition is committed to the Departmental Committee on Lands. I will allow a few comments on both petitions. Hon. Members, you will indicate the one you intend to comment on.

Hon. Samuel Gichigi is the first one on my list.

**Hon. Gichigi:** Thank you, Hon. Deputy Speaker. I want to comment on the first Petition by Hon. (Dr.) Humphrey Njuguna.

The issue of squatters has bedevilled this country for a long time since massive populations were displaced by the colonialists. Attempts by the Government to resolve these issues have been half-hearted. This is because several decades later, the problem is still prevalent. What Hon. Njuguna has presented today is replicated across many areas in this country. Whereas we have a law on how to deal with squatters, it is not comprehensive and neither are those provisions applied. I obviously support this Petition so that it can resolve this particular issue.

With regard to the other parcels of land that are occupied by squatters, the Government needs to come up with a clear policy and conduct an audit to ensure that the policy is applied so that the plight of the squatters can be resolved. People who have rightfully invested in their land should not be left to rue their losses because very poor people, who have occupied their land, are ready to die instead of being removed.

I support this Petition. I hope a middle ground, where the Government compensates the owners and the squatters are settled, will be arrived at.

**Hon. Deputy Speaker:** Let us have Hon. Justice Kemei.

**Hon. Kemei:** Thank you, Hon. Deputy Speaker. I also wish to comment on the Petition by Dr. Njuguna *kwa roho safi*. Upon attainment of Independence in this country, most of our people decided to come together so that they could acquire parcels of land that were previously owned by the settlers. Some of them had been illegally thrown out and they would have wished to find a way in which they would get back their land.

The first and second governments of this country experienced the same problems that Dr. Njuguna is referring to. As much as this Petition and other petitions that have been brought to Parliament are of utmost importance, it is our wish, as Members of Parliament, that this time the Departmental Committee on Lands will exert itself so that it puts the Government on its toes so that it settles the people who have bought those parcels of land. This will solve issues related to land in this country.

Hon. Deputy Speaker, I support the Petition.

**Hon. Deputy Speaker:** Let us have Hon. Nicholas Gumbo.

**Hon. (Eng.) Gumbo:** Hon. Deputy Speaker, thank you for the opportunity. First, let me kindly request you to consider referring the Petition by Hon. Jakoyo Midiwo to both the Departmental Committee on Finance, Planning and Trade and the Departmental Committee on Labour and Social Welfare. This is because of the last issue raised about foreigners who may be working here with irregular work permits.

My concern is with regard to the last part of the Petition by Hon. Jakoyo Midiwo. I will appear before this Committee.

Hon. Deputy Speaker, the issue that the Hon. Member has not talked about is the amount of abuse Africans are subjected to at the EABL. Kenya seems to be among the few places on earth where foreigners seem to have more rights than our citizens. This is unacceptable. A number of these foreigners routinely treat our people as secondary or inferior human beings. In my view, this portrays a blatant failure on the part of our law enforcement agencies. A number of Kenyans who work with foreigners in this country are routinely subjected to both physical and verbal abuse. In fact, there have been many reports of this happening at the EABL.

On the last part of Hon. Midiwo's Petition, do we need all these foreigners who are working in this country? I know it is reciprocal for foreigners to work in our country but the truth of the matter is that a number of foreigners who come to work in Kenya have lower qualifications than our people who are languishing in poverty because of joblessness.

As a young engineer in the early 1990s, I had occasion to work with a foreigner who came to Kenya as an expert in dairy. He called himself a professional in dairy and routinely abused us by calling us all sorts of names. We did our own inquiry and found out that the highest rank this fellow had ever risen to in his country was that of a supervisor of a milking plant. How would such a person come here and call himself an expert in dairy? It is happening all over because foreigners come here masquerading as lawyers, doctors, engineers and architects and yet they are merely artisans back in their own countries and would largely be unemployed there.

I would like to request you to consider committing this Petition jointly to the Departmental Committee on Labour and Social and Welfare and the Departmental Committee on Finance, Planning and Trade so that we can deeply inquire into the staff malpractices at the EABL. This company is now almost exclusively employing foreigners and giving them jobs that Kenyans can do. Those foreigners mistreat our people, abuse them and make them feel inferior. This is unacceptable.

I plead, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Hon. (Eng.) Gumbo, I think your case has been made and clearly, they are matters that will be well prosecuted by the Departmental Committee on Labour and Social Welfare. I order that it be a joint Committee between the Departmental Committee on Labour and Social Welfare and the Departmental Committee on Finance, Planning and Trade. This is because weighty matters have been raised in that Petition.

Hon. Opiyo Wandayi, you have the Floor.

**Hon. Wandayi:** Hon. Deputy Speaker, I would like to pick from where Hon. (Eng.) Gumbo has left. The matters raised in the Petition read by Hon. Midiwo touch on various areas beyond the mandate of those two Committees. The EABL manages the East African Malting Company that contracts farmers to grow barley that would usually fall under the Departmental Committee on Agriculture, Livestock and Cooperatives. This matter requires a Select Committee so that it is dealt with appropriately.

Having said that, I have spent the better part of my adult life in the corporate world, and so, I should know better. Hon. Midiwo is raising a very serious matter in his Petition, and if an independent forensic audit is carried out by a reputable firm, it will form the basis for further inquiry. Multinationals have taken advantage of this country because of the laxity of our tax regime and our governance system, which seem to encourage or favour multinationals or foreign-owned firms at the expense of indigenous firms.

We all know the agony and difficulties that Keroche Industry has gone through, under the monopoly that has been created for the EABL. These multinationals take advantage of our weak governance systems to repatriate huge revenues to their foreign land. These multinationals are nominally managed by locals but those who call shots sit in European capitals. This Petition gives us a good opportunity, as a country, to do introspection. Do we need to continue favouring these multinationals that continue to suck our people's blood at the expense of national development?

This Petition should be expedited. I would like to propose that you give us a timeframe lower than the 60 days provided for in the Standing Orders. The issues raised by Hon. Midiwo border on economic sabotage and they could call for serious sanctions.

**Hon. Deputy Speaker:** Hon. Wandayi, your point has been made. Petitions have timelines of 60 days. We do not need to put any other timeline. I will now give this opportunity to Hon. (Dr.) Pukose, and then Hon. Memusi.

**Hon. (Dr.) Pukose:** Thank you, Hon. Deputy Speaker. I want to thank Hon. Midiwo, the Deputy Minority Leader for bringing this Petition by a Kenyan citizen. He had stated earlier that it is a very long Petition and it is important that as much as he cut it short, the House apprises itself on the contents of that Petition because he raised very pertinent issues that touch on tax evasion and cheating about profits.

On the case of Chase Bank, we found that some reputable firms had lied in their audit reports. In my view, I do not think we can now talk about reputable firms because majority of them give figures that are only pleasant to them and not what is true when it comes to some areas. This borders on economic sabotage of our country where people mint profits and take the money back to their western capitals leaving Kenyans either jobless or without any other source of income. This is for those who had invested in growing barley, those who had jobs and those who had taken loans. This important Petition should be given the seriousness it deserves.

Thank you, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Let us now have Hon. Memusi and then Hon Onyura, and we leave it at that.

**Hon. Memusi:** Thank you, Hon. Deputy Speaker. Mine is a comment on the Petition by Hon. Njuguna, the Member for Gatanga. Land issues in this country have caused a lot of chaos especially among squatters. We cannot talk about squatters without mentioning fraud in land issues. We have communities that have lived in some areas for as long as they came into existence, only to be told that they are squatters.

A classical example is Kedong Ranch where a community that has lived there for the last 100 years was told recently that the land has been sub-divided and people in Nairobi have been issued with title deeds. This is the case and yet their generations have lived on the land without knowing that they need title deeds. The issue of squatters has haunted every Government. It is time we got a conclusive decision. We should solve this issue once and for all. I would like to ask the Departmental Committee on Lands to take this Petition seriously and give us guidelines on how to deal with petitions. This is because every successive leadership has had a problem.

When people are moved from certain parcels of land, leaders are called and told: “*Mheshimiwa*, we are being moved from this place. Please help us.” We need to deal with this issue conclusively.

In Kajiado County, for example, land fraud is the highest compared to any other crime. This is because we have fraudsters who have been milking innocent *wananchi*. You will find persons with two title deeds to the same parcel of land.

Right now, I have an investor in my constituency who has bought a parcel of land. This is an investor who will employ about a thousand young people in a tile factory. After carrying out the transaction, the investor was told that that land belongs to someone else.

Hon. Deputy Speaker, the issue of land needs to be solved. We need a proper guideline on the same.

**Hon. Deputy Speaker:** Thank you. Lastly, let us have Hon. Onyura.

**Hon. Onyura:** Thank you, Hon. Deputy Speaker.

I just wish to comment on the Petition presented by Hon. Midiwo. The Petitioner raises a number of issues that are quite alarming. This is because the giants in this economy include the likes of the KBL or the EABL and Safaricom. As you have noticed, the list of alleged anomalies and malpractices was quite long. In fact, you had to stop Hon. Midiwo from reading the whole list. It is a matter that needs to be looked into because we know these multinationals have all manner of tricks, shortcuts and engage in all manner of illegalities.

Hon. Deputy Speaker, we have let them get away with a lot. You will find that even their labour practices are very wanting. You will find that there are some people in these organisations who have stayed for 10 to 20 years as casual employees. I hope this gives the House a chance to look at what could be going on behind some of these multinationals.

While on that, may I just congratulate and thank the President for signing the Bill on bank interests into law. At the same time, we need to call upon the House to be very vigilant. I know some cartels and barons in these sectors will do whatever they can to make sure this well intended Bill does not work.

I hope the National Treasury and the Central Bank of Kenya (CBK) will be very vigilant and stand firm behind the President to ensure the good intention of this Bill is implemented.

I thank you for the opportunity.

**Hon. Deputy Speaker:** Thank you.

*(Several Hon. Members stood up in their places and at the Bar)*

Can you settle down? I have a last Petition that I will be reading on behalf of the farmers of Chemilil. I want Members who are upstanding like Hon. Chepkong’ a and those at the Bar to settle down.

#### MISMANAGEMENT OF CHEMELIL SUGAR COMPANY

Hon. Members, I want to convey a Petition on the mismanagement of Chemelil Sugar Company.

Pursuant to Standing Order 225, I am in receipt of a Petition from a Mr. Charles Atiang Etyang on behalf of sugarcane farmers and stakeholders in Kisumu and Nandi counties regarding mismanagement of Chemelil Sugar Company.

The Petitioner states *inter alia* that: -

- (i) Chemelil Sugar Company is at the verge of collapse due to mismanagement by the Board. A case in point is the recent reappointment of one Mr. Charles Owelle whose records of competence, management and integrity are questionable;
- (ii) the company is allegedly operating in technical insolvency and indebtedness where farmers and suppliers are issued with bad cheques leading to accrued arrears and other liabilities amounting to Kshs1.4 billion since 2014;
- (iii) the company is allegedly employing haphazard and exploitative sugarcane pricing techniques that end up scaring away farmers; and,
- (iv) the farmers in Nandi and Kisumu counties are not ready for privatisation of the company without any primary restructuring, reforms and consultation with the stakeholders over the matter.

Hon. Members, in this regard, the Petitioner prays that the National Assembly interrogates the grounds in the Petition with a view of causing a forensic audit on the factory accounts and performance for the last three years to establish the issues responsible for its insolvency.

The Petition, therefore, stands committed to the Departmental Committee on Finance, Planning and Trade for consideration. The Committee is requested to consider the Petition and report its findings to the Petitioner and the House in accordance with Standing Order 227(2). The Committee should also undertake to hear the Petitioner.

I thank you.

Let us move on to the next Order.

**Hon. Wandayi:** On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** What is your point of order?

**Hon. Wandayi:** Hon. Deputy Speaker, I seek your indulgence and, perhaps, request that you invoke your powers under Standing Order No.1. Last week, if I am not wrong, there was a Motion before this House to reduce the publication period of a Motion which is now listed as Order No.13.

*(Loud consultations)*

Colleagues, I plead you listen to me. It is the Motion titled “The National Government Constituencies Development Fund (Amendment) Bill (National Assembly Bill No.34 of 2016).”

*(Hon. Lessonet consulted with Hon. Kipyegon)*

**Hon. Deputy Speaker:** Order! The Chairman of the Committee on the National Government Constituencies Development Fund (NGCDF), there is a matter concerning the NGCDF being prosecuted.

**Hon. Wandayi:** Hon. Deputy Speaker, when the Motion to limit or shorten the publication period of this amendment Bill was brought before this House and we passed it unanimously, there was reason for that.

If you look at today’s Order Paper, you will find that this Bill is listed as Order No.13 which is fairly below. Because the issues of NGCDF are serious and grave, almost three months



after the end of the last financial year, we are not sure what is going to happen. At least, in my constituency, I am not sure. This is an issue which is causing great apprehension in the country.

Hon. Deputy Speaker, I urge you to use your powers under Standing Order No.1 to bring Order No.13 forward, perhaps before Order No.8 so that we dispense with it. That way we can be sure that the NGCDF monies will be disbursed to the respective constituencies for work to continue. This is bearing in mind that this is the last financial year to the next general elections.

I seek your indulgence, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Thank you, Hon. Wandayi. I would, first of all, ask the Chairman of the NGCDF to give us the status. It is the job of the House Business Committee (HBC) to decide on what comes before what in the Order Paper.

With that, I would like the Chairman of the Committee on the NGCDF to, first of all, give us the status of that Bill.

**Hon. Lessonet:** Thank you very much for this opportunity, Hon. Deputy Speaker.

It is true we did the First Reading of that Bill last week and also shortened its publication period. To enable us go to the Second Reading where we are today, we had to do the normal public participation where we ran an advert which lapsed yesterday, which was on Wednesday.

This morning, we are working on our Report after receiving memoranda from various stakeholders to enable us present that Report in this House. That is probably before Order No.13. If possible, I request that we do the Third Reading today in the afternoon.

Therefore, we are patiently waiting that this House does not adjourn this Morning Sitting until we are done with Order No.13.

Hon. Deputy Speaker, if you have to make any ruling, it should be that this House should not adjourn the Morning Sitting until we dispose of Order No.13.

I thank you, Hon. Deputy Speaker.

**Hon. A.B. Duale:** Hon. Deputy Speaker, first, you have given direction that this is a matter of the HBC. Secondly, the Chairman of the Committee has said that this House should not adjourn this morning until it passes the Bill. This is an ultimatum and blackmail to the House. I think we should not rush.

This Bill must go through proper public participation. I want to ask the Chairman of the Committee to call serious stakeholders, particularly those who go to court every day. This is because he knows those organisations. Give them an opportunity to appear before you.

Last time, the issue in court was that the National Government Constituencies Development Fund Bill did not go through a proper public hearing process. So, I do not see the essence of hurrying this Bill. Yesterday was the last day for public participation. As we debate the Bill in the Second Reading, the Chairman of the Committee must make sure that each and every Kenyan appears before the Select Committee on the NGCDF so that the product is a consultative public participation as enshrined in the Constitution. We do not want to just pass it for the sake of it.

There is no crisis in the country. I am wondering that Hon. Wandayi is saying there is a serious crisis. There is no crisis. What crisis is there? There are many other Bills that Kenyans are waiting for. So, this Bill is as important as any other matter which is in the Order Paper. In fact, if there is any crisis in terms of legislation timeframe, then it is the constitutional Bills that we have two days to deal with. This includes the first two items.

I really ask the Chairman of the Select Committee on NGCDF not to rush us. He should engage all the stakeholders, and more so, those who always have issues with this law so that we do not go back to court. We do not want to have issues over this matter.

I rest my case, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Remember, Hon. Members, I made an order the other day to the Leader of the Majority Party that we invite the National Treasury and the Board to come to this Chamber. I have been informed by the Clerk that invitations have already been sent for next Tuesday, at the normal hour of meeting Cabinet Secretaries. I believe that that timetable will be given out so that you come, and ask all those questions and express fears that you may have concerning the NGCDF.

Next Order!

## MOTIONS

### APPROVAL OF THE MEDIATED VERSION OF THE ENERGY BILL

**Hon. Kamau:** Hon. Deputy Speaker, I beg to move the following Motion:-

THAT, pursuant to the provisions of Article 113(2) of the Constitution and Standing Order 150, this House adopts the Report of the Mediation Committee on its consideration of the Energy Bill, 2015, laid on the Table of the House on Wednesday, 24<sup>th</sup> August, 2016, and approves the Mediated Version of the Energy Bill, 2015.

Hon. Deputy Speaker, this Bill came before this House and we went through it in the Committee of the whole House. The House approved the amendments that had been brought by the Committee. The Senate also brought its amendments, one of which the Committee did not agree with. That amendment is on Clause 57(e)(i). The House eventually agreed with the Committee and the matter went for mediation.

The Mediation Committee held one sitting on 23<sup>rd</sup> August, 2016 and unanimously resolved the contention on Clause 57(e)(i) as follows:-

THAT, Clause 57(e)(i) of the Bill be amended by deleting paragraph (e) and substituting therefor the following new paragraph –

Hon. Deputy Speaker, what had happened in this clause is that the Senate had brought in an amendment to delete paragraph (e) that said:-

“not more than four members appointed by the Cabinet Secretary (CS) out of whom two persons nominated by the organisation representing the largest number of persons carrying out operations in the energy sector.”

That was the bone of contention because it was a bit vague as to who these two persons nominated by the organisation representing the largest number of persons carrying out operations in the energy sector were. Indeed, the agreement with the Senate was meant to remove the ambiguity that existed in including one person from an organisation representing the largest number of persons carrying out operations in the energy sector as one of the persons who maybe appointed by the CS. After the amendment, the new clause will read:-

“(e) not more than four other members appointed by the Cabinet Secretary out of whom—

- (i) one person shall be nominated by the Kenya Private Sector Alliance;
- and
- (ii) one person from an institution of higher education.”

This means that the CS will have a leeway to appoint two other members. However, from those two, one will be from KEPSA and another one will be from an institution of higher learning.

I beg to move and ask my Vice-Chairman, Hon. Jackson Kiptanui, to second.

**Hon. Kiptanui:** Thank you, Hon. Deputy Speaker. I rise to second. It is now very clear that had the earlier version been carried the way it was, it would have been very difficult for the CS to choose the organisation with the largest number of persons carrying out operations in the energy sector. By specifying that the CS can appoint four persons; one from KEPSA and another one from an institution of higher learning, it means we have given the CS some discretion to decide on how we can choose the other two persons. Therefore, it is now very clear. As you are aware, many organisations in this sector always claim to be the largest in the sector. It would have been very difficult for the CS to decide which one to choose among the many.

As I second, allow me to thank the Chairman of the Departmental Committee on Energy, Communication and Information, Hon. Jamleck Kamau and the Members of the Mediation Committee, including Hon. Olago Aluoch and Hon. Onesmus Mbiuki for the good work they have done.

I second.

*(Question proposed)*

Let us have Hon. Samuel Gichigi.

**Hon. Gichigi:** Thank you, Hon. Deputy Speaker. I rise to contribute on this mediated version of the Energy Bill. I have seen the original clause that is clearly ambiguous. Because of the constitutional deadlines, we will have to pass this law. I encourage committees and this House to look at some of these provisions. I have issues with the proposed agreed version, which says that one person shall be nominated from the KEPSA. I have issues with such laws. How do you go to the private sector and appoint a federation or association that could change any time?

You may find that another grouping has come up and it has more members than the KEPSA. So, the proper wording going forward should be the federation that has most representation of the private sector rather than go for a specific one. We had these challenges with the likes of the Central Organisation of Trade Unions (COTU) and other associations. So, the trend right now over this sort of law is saying the most representative of that particular sector rather than be specific because tomorrow they might not be the most representative. I will support because of the deadline but it is a law that should be subsequently changed and as we move forward, let us have a general provision to take care of a sector rather than target a specific grouping.

Thank you.

**Hon. Deputy Speaker:** Okay. Let us have Hon. Sylverse Anami. You have done the right thing. Stick to the mediated clause. Let us not go back to the debating of the Energy Bill afresh.

**Hon. Anami:** Thank you, Hon. Deputy Speaker. I like the compromises that are coming through the mediation process. This way, we will be moving very fast. Earlier, as you noticed, we had several standoffs. The compromise on the mode of appointments is something that we need to encourage. This is especially in the spirit of the Constitution that there should be equity and inclusivity. So, I support the mediated version between the Senate and the National Assembly.

I support.

**Hon. Deputy Speaker:** Let us now hear Hon. William Kisang.

**Hon. Kisang:** Thank you, Hon. Deputy Speaker. I rise to support this mediated version of the Energy Bill because the amendments that had been brought by the Senate were ambiguous. This is because when we say we nominate two persons from the most represented sector, it is not very clear. That would have been a contention and it would have been very difficult for the CS to pick because some would have gone to court. So, this is very clear because those who are in the energy sector, as business people, are representatives of the KEPSA. So, it is easy for them to know who is operating in the energy sector from this association.

Secondly, concerning the issue on the institution of higher learning, there are few universities in Kenya which offer courses in the energy sector such as petroleum and others. So, the three universities should sit down with the CS and propose one of their own to sit in the Board so that they can assist in the courses that they need to offer at the universities that will be of use in the sector.

Thank you, Hon. Deputy Speaker. I support the mediated version.

**Hon. Deputy Speaker:** Let us have Hon. (Eng.) Gumbo. Where is he? He is not in the House. That leaves me with no other Member wanting to contribute. Can the Mover be called upon to reply?

**Hon. Kamau:** Thank you, Hon. Deputy Speaker. I beg to reply. I urge Members to support this mediated version because today being 25<sup>th</sup> August, we only have two more days remaining and this being a constitutional Bill, it is important for us to pass it so that the House will operate within the stipulated timelines of the Constitution.

I beg to reply. Thank you.

**Hon. Deputy Speaker:** Thank you. I will order that this Motion and the next one be in this afternoon's Order Paper for purposes of passing it.

Let us move on to the next Order.

APPROVAL OF THE MEDIATED VERSION OF THE PETROLEUM  
(EXPLORATION, DEVELOPMENT AND PRODUCTION) BILL

**Hon. Kamau:** Hon. Deputy Speaker, I beg to move the following Motion:-

THAT, pursuant to the provisions of Article 113(2) of the Constitution and Standing Order 150, this House adopts the Report of the Mediation Committee on its consideration of the Petroleum (Exploration, Development and Production) Bill, 2015, laid on the Table of the House on Wednesday, 24<sup>th</sup> August, 2016, and approves the Mediated Version of the Petroleum (Exploration, Development and Production) Bill, 2015.

Hon. Deputy Speaker, the National Assembly, during its sittings on 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> August, 2016 considered the proposed amendments by the Senate, and by a resolution rejected the Senate amendments to Clauses 12(2), 17(1)(e)(i), 48 and 49 of the Bill, and consequently pursuant to the National Assembly Standing Order No.149 and Senate Standing Order No.154, this Bill was referred to the Mediation Committee with the sole objective of developing a version of a Bill that will be presented to both Houses for approval.

Hon. Deputy Speaker, let me start with the first clause. After the Committee held its one day sitting on 23<sup>rd</sup> August, 2016, there was a unanimous resolution on the contentious clauses. Under Clause 12(2), there was an insertion of a new paragraph immediately after (i) which

referred to one person being nominated again by KEPSA from their member organisations who had demonstrated competence and capacity in matters related to petroleum. This is the reason the National Assembly rejected the Senate recommendations. The House found that there was likely to be a conflict of interest. After the mediation team met, the Committee agreed to drop the amendments to sub-clause 2. The justification for that is the advisory committee which this section relates to is an inter-ministerial committee and the KEPSA membership in the committee would create conflict of interest. Therefore, on this, the earlier recommendations by the National Assembly were accepted.

Hon. Deputy Speaker, Clause 17 of the Bill was to be amended by deleting paragraph (e) and substituting therefor a new paragraph. This was deterring the appointment of directors to the Upstream Petroleum Regulatory Authority (UPRA).

**Hon. Kiptanui:** On a point of order, Hon. Deputy Speaker.

**Hon. Deputy Speaker:** Hon. Kiptanui, what is not in order with your Chairman?

**Hon. Kiptanui:** Sorry, my Chairman. Hon. Deputy Speaker, I thought if we are moving amendments, we dispose one at a time. I can see my Chairman has moved on to Clause 17.

**Hon. Deputy Speaker:** You know it is not the Committee of the whole House. We do that in the Committee of the whole House.

**Hon. Kamau:** Thank you, Hon. Deputy Speaker. I am still training my deputy. So---

*(Laughter)*

**Hon. Deputy Speaker:** Because we are not moving amendments now, we are just reporting.

**Hon. Kamau:** That is correct, Hon. Deputy Speaker. I am still training him. He will soon catch up.

Clause 17 relates to the UPRA and the mode of appointment of the members. The clause as proposed by the Senate was to amend sub-clause 1, and substitute it with the following paragraph:-

“Five other members appointed by the CS out of whom –

- (i) one person shall be nominated by the Kenya Private Sector Alliance;
- (ii) one person with knowledge and experience in matters relating to the petroleum from an institution of higher education.”

When the Mediation Committee sat, it agreed with the Senate amendment and the justification, therefore, of the possibility of conflict of interest through the membership of KEPSA in the Board was found to be insignificant. This was after noting the nature of the membership of the Board of Directors of the Authority.

Further, there is need to have the interests of the private sector also represented in the Board in light of the fact that it is largely dominated by representatives of the Government.

Hon. Deputy Speaker, I now move to Clause 48, which was also subject to the discussions by the Mediation Committee. The Senate had recommended that we delete sub-clause 1 of Clause 48 by deleting the words “with the approval of the Cabinet Secretary” immediately after the words “contractor shall appoint”; and in sub-clause (2) by deleting the words “with the approval of the Cabinet Secretary” immediately after the words “another operator.”

Hon. Deputy Speaker, this particular Clause refers to the appointment of an operator in the exploration, development and production of oil and natural resources. The Senate was of the

view that the CS may not get into the operations of any firm, but he or she will have the overall jurisdiction of making sure that the contractor does what is supposed to be done under the law.

After deliberations, the Mediation Committee agreed with these amendments for the simple justification that there is need to remove the requirement for approval by the CS when a contractor is engaging an operator. The contractual relationship is only between the contractor and the operator on one side. On the other side, the relationship is between the contractor and the Government. Therefore, on this, the recommendation that had earlier on been given by the Senate was accepted by the Mediation Committee.

Clause 49 of the Bill was rejected by the National Assembly on the basis that it was vague and ambiguous. It was not clear as to what the amendments by the Senate were referring to since the Senate had recommended to delete the word “ten” immediately after the words “not less than” and substituting therefore with the word “two.” One is relating to the period under which somebody can be jailed and the other is relating to the fines.

After deliberations, the Committee agreed with the amendments, removed the ambiguity and agreed that the amendment by the Senate was specifically to reduce imprisonment term from “not less than ten years” to “not less than two years”. This is because two years will be a long term to serve but the amendment was not in relation to the amounts of fine.

Those were the amendments and I beg to move.

I ask my able Vice-Chair, Hon. Jackson Kiptanui to second.

**Hon. Kiptanui:** Thank you, Hon. Deputy Speaker. The explanations that have been given by the Chairman are very clear and I second.

*(Question proposed)*

**Hon. Members:** Put the Question!

**Hon. Deputy Speaker:** Hon. Members, I am not in a position to do what you are asking me to. However, I am in a position to ask Hon. William Kisang to make his contribution. Please, give him the microphone.

**Hon. Kisang:** Thank you, Hon. Deputy Speaker. We do not have the numbers to even put the Question in the first place.

I rise to support what my able Chairman has discussed under Clause 17 of the Mediated Version of the Petroleum Bill. It is similar to what we did to the Mediated Version of the Energy Bill. It was prudent to ensure that we, at least, include a board member from the KEPSA and the Law Society of Kenya because they have interest in this Bill.

Secondly, it is to also get somebody from an institution of higher education, especially the universities. This one is specific that we need somebody who has knowledge relating to petroleum.

Under Clause 49, the term of imprisonment that was proposed by Senate was punitive. Ten years is too much. I support the proposal of not more than two years in case somebody breaches the law regarding this Bill.

Hon. Deputy Speaker, I support, especially the clarifications. The law has been made clearer now than what the Senate had proposed earlier on.

**Hon. Deputy Speaker:** Can we have more Members commenting on the Mediated Version of the Petroleum Bill?

Yes, Hon. Njuki.

**Hon. Njuki:** Thank you, Hon. Deputy Speaker. There seems to be very little interest in this very important Bill. Kenya has just begun to produce a sensible amount of oil. Beginning next month, we shall be having exports even though it is going to be transported by road. This means that we are on the way to become the Saudi Arabia of Africa in few years to come. It is important we pass this Mediated Version of the Petroleum Bill to ensure Kenya will not go the Nigerian way because the country is not able to manage oil affairs.

I am going to be very brief because I sit in the subcommittee that mediated this version. It was give and take. The two issues that have been mentioned by the Chairman when he was moving were the issue of the KEPSA being interested parties with conflict of interest in the Committee--- This is really not a problem because their vote is only one among very many. Therefore, it is only prudent that we give them an opportunity to represent the KEPSA so that we do not have policies that are passed without their knowledge and policies that normally affect them.

An operator is a person who normally deals with the activities of selling oil or ensuring that it is distributed and marketed. An operator comes after the contractors who have explored the oil have finished their job. This being a business aspect, we felt that there was no need to involve the CS in the contractor's choice of an operator since he has a mandate under the law to salvage the situation at some point if it goes the wrong way which is not in the interest of the common *mwananchi*.

Hon. Deputy Speaker, Clause 49 deals with the number of years that one can be imprisoned and the money that is supposed to be set for fines. We found it a bit punitive for one to lose Kshs10 million as a fine and at the same time spend ten years in jail for the same crime. We felt there was need to take the money and have a person like that spend few years in jail which has been reduced to two years. It is reasonable because they can be able to go back and continue to do the same business but this time as reformed people.

With those few remarks, I beg to support.

**Hon. Deputy Speaker:** I am looking for more Members to make a comment on this Mediated Version of the Petroleum Bill.

*(Loud consultations)*

Hon. Jakoyo Midiwo and your team---

**Hon. Midiwo:** Hon. Deputy Speaker, I support.

**Hon. Deputy Speaker:** That is okay. I now call upon the Mover to reply.

**Hon. Kamau:** Thank you, Hon. Deputy Speaker. I take this opportunity to ask Hon. Members to support these mediated versions of these Bills. I also bring to their attention the fact that these are Constitutional Bills with a deadline of 27<sup>th</sup> August, 2016. I also want to thank all the Members who have participated.

My Committee has worked tirelessly to ensure that these Bills come to fruition. I also thank the team that was involved in mediation of these specific Bills. They are Hon. Muthomi Njuki and Hon. Olago Aluoch.

Hon. Deputy Speaker, I beg to reply.

**Hon. Deputy Speaker:** Hon. Members as you can see we are unable to complete this, and we will continue in the afternoon.

I defer putting of the Questions up to a time when it is possible.

Let us move on to the next Order

*(Putting of the Question deferred)*

## COMMITTEE OF THE WHOLE HOUSE

### THE FINANCE BILL

**Hon. Deputy Speaker:** Hon. Members, as you are aware the Committee of the whole House has been deferred to Tuesday, next week. This is because the Committee has not completed its exercise of getting the amendments.

Next Order!

*(Committee of the whole House on the Finance Bill deferred)*

## BILL

### *Second Reading*

### THE BETTING, LOTTERIES AND GAMING (AMENDMENT) BILL

**Hon. (Dr.) Shaban:** Hon. Deputy Speaker, I beg to move that the Betting, Lotteries and Gaming (Amendment) Bill (National Assembly Bill No.30 of 2015) be now read a Second Time.

This Bill seeks to amend the Betting, Lotteries and Gaming Act, Cap. 131 to introduce tax payable by operators of lotteries and gaming and prize competitions in Kenya because currently, they do not pay any tax. This Bill is supposed to conform to the imposition of taxation under Article 209 of the Constitution, which is the sole mandate of the national Government.

I would like to refer to revenue raising powers and the public debt under Article 209. It states in Part 3:-

“Power to impose taxes and charges

209(1) Only the national government may impose-

- (a) income tax;
- (b) value-added tax;
- (c) customs duties and other duties on import and export goods; and
- (d) excise tax.”

This can only be done, if this amendment goes through, so that the people who are operating in the field of betting, lotteries and gaming can pay their taxes and plough back what they have been getting from Kenyans.

It is important for us to note that of late there are a number of issues which have been coming up in this field. The lotteries are reaping too much money from Kenyans. We need to regulate that so that they can plough back something to the Government in terms of taxation.

This Bill does not concern county governments. We need to address these issues because of the lotteries that are going on in our country. We need to borrow a leaf from countries that have been doing this for many years so that we do not find ourselves in a situation where it negatively affects our society. We need to protect the society and further amendments will be coming later on so that this can be covered. The Government can collect its taxes, but at the same time we can, through legislation, protect Kenyans.



This is unlawful although there is no law; it is clandestinely unlawful. Gambling has been going on in our country with too much money being collected. This is the case and yet very little is being ploughed back. People have become multi-billionaires overnight because of the amount of money they have been collecting from Kenyans. We need to regulate this. However, this cannot happen unless we put some laws in place.

This being the first amendment which allows for taxation by the Government, it has come at the right time. On top of this, we need to do many more amendments in order to bring some regulations to this field.

Hon. Deputy Speaker, as I sit down, I ask Hon. Gichigi to second this Bill.

**Hon. Gichigi:** Thank you, Hon. Deputy Speaker. I rise to second this Bill.

It is sad that the National Treasury and tax authorities have waited this long to catch up with this sector where billions of shillings are moving everyday.

Yesterday, I had an opportunity to watch one of our own, Hon. Jakoyo engaging one of the major players in the betting industry on national television. The statement by Hon. Jakoyo about that sector not paying tax was not denied. That means it is true. These people are probably just paying little corporation tax.

The leading firm, SportPesa said they paid corporation tax of Kshs700 million. You can imagine how much more goes to the pockets of these firms.

We have a situation in this country where somebody simply collects money from people without doing anything, just returns pittance to the so called “winners” and then pockets the other money. That person does that without lifting a hand, planting maize, erecting a building or adding any value. The person simply collects money from 100 people, pays back one person and pockets money collected from the other 99 people.

The worst thing is that most of this money is being taken out of the country to fund institutions out there. That person is like a tax collector. There is no difference between KRA and the betting firms. They are collecting money from people and putting it in their pockets. The KRA is not doing much about it, obviously because of lack of a law. So, I support these provisions. These are just taxing authorities that want their pie. I have done a bit of research and I have found out that in Britain and South Africa, for example, most of the money that is collected from gaming and lotteries is ploughed back by law, into social needs.

When this Bill goes into the Committee of the whole House - I hope that should be before we go on recess - I propose to bring an amendment so that a substantial chunk of this money is committed to social services such as sports and other charitable activities. That must happen. While this Bill says that this money should be collected, what is going to happen to those characters that have installed gaming machines in kiosks in estates where our children are putting coins? It is not going to be possible for the KRA to catch up with those people. Perhaps, it is high time some of those activities were banned.

I strongly suggest that we bring amendments related to taxation to this Bill for the time being. However, the whole betting law regime must, of necessity, change because the Betting Control and Licencing Board is already in bed with the betting firms.

I second.

*(Question proposed)*

**Hon. Deputy Speaker:** Hon. Jakoyo, you have the Floor.

**Hon. Midiwo:** I thank you, Hon. Deputy Speaker. I rise to support this Bill which is timely. As the House will remember, about three weeks ago, we stood down this Bill to try and establish a Select Committee which would inquire into and establish the facts about the betting and gaming industry. That was not to be in the wisdom of Members. That does not stop us from moving on because there is a problem. I want to thank the Leader of the Majority Party for having sponsored this Bill in an attempt to help the Government tap into monies raised by these unknown and dark markets. The Government has proposed certain requirements to enable it tax these people.

This is an industry that has to be regulated, especially the new phenomenon of online betting. Despite what Members did in their wisdom, we are working on a Bill which will come here. This is not a very small industry.

I want to thank Members for having supported Hon. Jude Njomo in his Banking (Amendment) Bill to cap interest rates. I also thank the President for assenting to the Bill. There is no country on earth that can thrive economically without the State having control of the financial markets; none whatsoever. We must ask whether we want individuals to have more money than the State. Again, that would be a *mafia* State. If you have a scenario where a group or individuals have more money than the State, they will buy security and do anything they wish.

Let me thank the Governor and the administration of Kajiado County. Two days ago they did something very nice. They took slot machines out of people's premises. We have a scenario where the slot machines are all over the country and street corners and people bet with as little as Kshs10 or Kshs20. Who is there to see that those people are not school kids or people squandering their meagre resources in the desire and attempt to get riches?

The biggest thing about gambling that the State must deal with is addiction. Gambling is very addictive. Facts must be put on the table. I read a study a couple of days ago about the gambling menace all over the world. It is said that only 2.4 per cent of those who win anything survive. Everybody else, even if they won Kshs30 million, does not survive.

Yesterday, I was on a late night TV show with a person who apparently won Kshs23 million from SportPesa. Only 2.4 per cent of such people succeed in life. So, we are dealing with something else except for the people who make money from it.

This Bill will help the KRA. I will bring a raft of amendments because the Bill proposes too low figures. I will propose to amend Clause 3 of the Bill on betting tax to provide that the figure of 7 per cent goes up to 12.5 or 15 per cent. That is a tax proposed by the Government but we will take it up because I know we are taxing amounts we do not know. It is better to be on the side of the State than be on the side of people we do not know.

The proposed new Section 44A(1) provides that:-

“There shall be a tax known as the lottery tax chargeable at the rate of five per cent of the lottery turnover.”

I will propose an amendment to take that to 12.5 per cent so that money can go to the hands of the State. There is no way we can fly every week to China to borrow money and yet there is a group of individuals mopping up our money. There is even a set of them who are said to be exporting money. If somebody tells you that he makes Kshs1 billion a month, then it means that he makes Kshs30 billion--- This is the case and yet the Eurobond, which has been very controversial in this country was only Kshs280 billion. It means there is an individual or a group of individuals making as much money as the money the Government is struggling to bring back into the country. We will deal with these people somehow and we ask them to come on board.

Hon. Deputy Speaker, for 15 years, we told the banks to work with us. We also told them to create products which would create wealth for our people but the banks ignored us. This House and the Presidency has nailed them, and we will further nail them. We must also bring on board the betting companies. They also seek to amend Section 60(A) of the Betting Act, which states as follows:

“There shall be a tax known as price competition tax, chargeable at the cost of entry of competition which is a premium rate at the rate of 15 per cent of the total turnover”.

We do not even know what the turnover is. We shall put that tax at 20 per cent until we agree on regulations on how they inform the State about their income and activities. We will do that. I know they may think we are joking, but it is now before us. This country must put itself in a scenario where the owner of the money is the State and not hustlers. We cannot create a hustling State. It is not possible that this House and all of us shall just keep watching while somebody is doing what we obviously know is wrong.

In Russia, gambling was the in thing. However, in 1996, they abolished it. That is a rich country; it is not as poor as ours. Our inflation rate now stands at 6 per cent while the unemployment rate stands at 38 per cent. This is the case and yet somebody wants to make us poorer and poorer. We do not wish to abolish this but we wish to regulate and we must regulate.

Hon. Deputy Speaker, it is okay that gambling is helping our sports teams and doing all kinds of things, but there is also this thing called “lottery”, which the State should be using to build stadia.

The Jubilee Government promised to build five stadia. The amount of money being talked about here, had they established a lottery the day they took office, we would be building the tenth stadium because the State has a better chance of investing its money where it has promised. When you hear a Kenyan company saying that it is supporting a European team, it sounds very good because we are crazy about foreign stuff. If that money is for Kenyans, who is authorizing transfer of foreign exchange? Somebody must be held culpable.

Hon. Deputy Speaker, I am told that either the Departmental Committee on Finance, Planning and Trade or the Departmental Committee on Labour summoned the regulator and he refused to appear before Parliament which has powers of the High Court. If he continues to refuse to appear to listen to what we want, we will arrest him. We have the powers to arrest him because he is a criminal. His activities lead to criminal activities.

The Chief Executive Officer (CEO) of the Betting and Control Board is in hotels selling licences which are illegal. We will arrest him. We would like to know under what circumstances he is allowing export of money in this country. Somebody is busy exporting money and we are busy going to China every month to borrow money. We cannot allow that. That would not be a Government willing to improve the lives of its people. We want to talk to them starting with the regulator. We want to hear his thinking and imaginations, so that when we bring a law here, it is not a law to hurt anybody or the economy but to help the economy and to ensure that our 10, 12, 15 and 18 year old kids do not live in betting dens. We must do that.

Hon. Deputy Speaker, I am certain we shall do it.

I support this Bill.

**Hon. Deputy Speaker:** Hon. Onesmus Njuki, you have the Floor.

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

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

**Hon. Njuki:** Hon. Temporary Deputy Speaker, thank you for the opportunity to contribute to this Motion. I want to thank the Leader of the Majority Party for bringing this Motion timeously. Our country has been reduced to an uncontrolled gambling industry. Last week when the Olympics at Rio were coming to an end, one of our athletes who was expected to perform very well unfortunately finished sixth in his race due to unforeseen circumstances. We had supporters here in Kenya who apparently turned out not to be supporters. These people were not really interested in this athlete winning the race. This is because they were interested in their bets. You can imagine what we have turned our country into. Everything is seen in the perspective of how much one can make. People have even stopped working. If one can correctly bet, he or she stands a chance of being a millionaire without working. So, this Motion is timely.

A long time ago, when betting used to be analogue, we used to have the Kenya Charity Sweepstake and others. That time, betting was analogue because one had to walk many kilometers to buy a ticket in a kiosk somewhere. For you to bet, you had to plan, have purpose and go for it. Today, betting is brought to your sitting room. Sometimes you come across it accidentally and you get consumed. This is because betting is today digital and you only need to have a mobile phone, tablet or personal computer. They normally top up in advertisement and you are tempted to bet. It involves little money. The truth is that someone has seen a gap in the market that they are now exploiting. Unlike before where you had to buy a ticket for a large sum of money, today, you just need little amounts of money.

People in the betting industry are capitalizing on the masses and the numbers. This is what has made this industry very huge and yet uncontrolled. That is why we are saying that too much mobility of funds without regulation will be detrimental to the development of this country. The social, cultural and economic effect that unregulated betting has had on this country is humongous. We have had people who have changed their lifestyles and as I mentioned before, there are those who do not want to work. We also have had people who have been psychologically affected to the extent of committing suicide. Lives have been lost. There are very many people who lose their savings during betting and so, they decide to take their lives. We will have an industry that will benefit the country if betting is controlled in Kenya. It will be moderated such that it will not be excess to the extent of affecting *mwananchi*.

On the issue of taxes, the KRA will only collect taxes from bodies whose infrastructure, in terms of policy and registration enables them to collect taxes. If you find a betting company giving one person, say, Kshs42 million, which Hon. Jakoyo Midiwo has rightly stated is about 2 per cent, you can imagine what 100 per cent is. This is money that can be used to develop this country, especially in the field of corporate social responsibility.

There are very many street children and homeless families in this country. The only reason they give the money to people who win the bets is to market themselves so that more people can get involved in betting. The reason is not to help the society. That is why we are saying that this law is timely. It is critical that we pass it so that we can bring sanity in this market. Even as we have more people going to those platforms, they can be regulated.

Hon. Temporary Deputy Speaker, we are not denying that it is a source of earning a living because that is innovation that creates jobs but we want those jobs not to have a

detrimental effect to society. We want the society to benefit in general. That is what useful information does for the country.

With those few remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to the Member for Malindi, Hon. Mtengo.

**Hon. Mtengo:** Thank you, Hon. Temporary Deputy Speaker, for giving me the opportunity to also contribute to this Bill. I come from a constituency that hosts a number of casinos that are foreign owned. It is evident that huge profits accrue from these businesses but, those profits are repatriated to where these people come from.

Any effort by the state to regulate this sector with a view of making sure that the Government gets its rightful share, particularly in terms of regulating the tax regime that will be applied on these businesses, is welcome. For once, we are going to see development that directly comes from our area. These businesses are making a lot of money but it is sad to see this money going elsewhere. We are not supporting this Bill because we want to deter investments in our areas. No! We are supportive of these investments but we want to see the state getting what rightfully belongs to it.

I believe that we will ultimately see development in our areas accruing from the businesses that are currently repatriating money from overseas.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Thank you, hon. Member. I now give the Floor to the Member for Nyandarua, Hon. Muhia.

**Hon. (Ms.) Muhia:** Thank you very much, Hon. Temporary Deputy Speaker. I stand to support this Bill, which is indeed timely considering that our country is slowly moving to a betting culture. It is unfortunate that the Kenya Revenue Authority (KRA) has not identified the sources of the money. It is also very unfortunate that *mama mbogas* and *boda boda* riders are being pushed to pay taxes as millions of shillings are being repatriated overseas.

I see the Betting and Control Board, who are supposed to be regulating this sector, as part and parcel of the casinos. Why do I say this? I imagine that they are creative enough to come up with regulations before they give permits or licences to casino owners. They should set aside some shareholding for Kenyans so that part of the money they make can remain in this country.

We know that the Government is suffering because we want good roads, good hospitals and good learning institutions. We need a lot of money. Such institutions like casinos, lottery clubs and betting companies make millions of money yet the Government is suffering. Some of these businessmen are asking for a good business environment. This is quite unfortunate.

I urge the KRA team to sit and look at all the avenues of collecting more taxes. I would like us to amend the law so that some of the stakeholders can be Kenyans. Countries like Rwanda, Ethiopia and many other African countries have incorporated such proposals in their statutes. If you are expatriate from whichever country and you want to do a certain kind of business, you have to give some shares to some citizens.

It is quite unfortunate that productivity amongst our youth has really gone down. Today our youth do not sleep. They use their phones betting on SportPesa 24/7. It makes sense and it is logical. Even if I was to be the one to make money using a phone rather than go looking for a job, I would do it. This is another culture where our youth might be wasted. They may not think or become creative, innovative or adapt to the system of working. So, slowly we may be a betting country instead of a working country.

We have so many graduates today but rarely will you find them looking for jobs anymore. You always find them betting. The betting craze has even interfered with domestic lives. Husbands and wives are fighting because the *mama* may use the money she is given for *unga* to bet. She loses the Kshs100 and the family goes without eating. We can also look at this issue in more diverse ways and see the harm it is causing us. There is need for control. The issues of permits and shareholding are critical but most importantly, the CEO and his team must take control.

I will not conclude my submission without saying that it is normal standard in any other country, be it in Europe or America, for these organisations to be bound to pay back to the society because they also earn from the society. We do not see their corporate social responsibility at any point yet we know that many institutions today are in the frontline with corporate social responsibility. We expect charitable organisations to equally benefit from this business.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, I now give the Floor to the Member for Budalang'i, Hon. Ababu Namwamba.

**Hon. Ababu:** Hon. Temporary Deputy Speaker, thank you very much. I support the Betting, Lotteries and Gaming (Amendment) Bill. The arena of betting, lotteries and gaming is big business. It is big business. Many economies have thrived on this sub-sector of the economy. Whole cities like Las Vegas in the US are known for thriving on this business. In fact, Las Vegas was built from this kind of business. To date, so many years ago since this city was built right in the middle of the desert, if you want to bet you go there. It is big business.

Sporting activities in the world today are heavily dependent on money coming out of lottery and betting. If you go to the UK today, the kind of revenue generated through betting and lotteries, which is then reinvested in sports sponsorship, is mind boggling. They are incredible amounts of money. It is one of the reasons why the English Premier League today is the best funded league. It is the most exciting league and has a lot to do with money. Of course, part of the money comes from television rights but, a lot of it comes from lotteries and gaming. Placing a bet in relation to the English Premier League has become almost a tradition for overnight millionaires.

Those who followed the drama of the 2015/2016 season would know for instance the chances for the current champions, Leicester winning the League, were 5000/1. Those were the odds. One character was crazy enough to place a bet on those odds. He walked away with quite a tidy sum when that club did the improbable and won the English Premier League. We are talking about something which has already taken root in a number of economies, and which drives the sporting sector and other sectors of the economy. It is important that as we move towards exploitation of that potential, we put in place sufficient laws and legislation to manage that arena.

While discussing the letter and the spirit of our Constitution in 2010, we spent quite a bit of time providing a constitutional framework for this area of the economy. We placed the responsibility over lotteries and betting with the county governments. The National Assembly still retains the responsibility to provide overarching legislation to govern this area. We need to regulate this arena so that it can be formalised, run within determinate rules and become a source of economic growth and not a drain on the economy. It will become a drain on the economy if we allow the trend that is taking root where young people, including pupils and students in schools such as the ones I see packed in our public galleries, stop focusing on education and go into gambling and betting as a pass-time. We have heard cases of school pupils and students

blowing thousands of shillings of their school fees on betting and gambling, which has become a craze in this country. It is good that a couple of weeks ago, we had an opportunity in this House to discuss measures that would control the participation or the engagement of our young people, especially students, in gambling activities. It is important that this arena is regulated.

It is also important that as this area grows, we put limits that ensure that the benefits seep or are ploughed back into the economy. I said on the Floor of this House a couple of weeks ago that I was happy that SportPesa - a sports lottery firm - has grown to an extent where it can invest Kshs5 billion in Hull City, an English Premier League club. I am happy because then it is spreading the brand of SportPesa and the Kenyan brand across the world. It is a bit contradictory for SportPesa to plough that kind of money into a foreign league when our own clubs in the Kenyan Premier League, especially community clubs like Gor Mahia, also known as Kogallo – and AFC Leopards, also known as Ingwe – are struggling to barely survive in the league. I found the magnanimity of SportPesa to be rather misdirected and misguided.

I urge firms that are already reaping big out of the opportunity presented by betting and lotteries to first of all look inward. I challenge SportPesa to ensure that in the next season of the Kenyan Premier League we see not less than Kshs1 billion ploughed back into the Kenyan Premier League. Let us see Kshs1 billion ploughed into AFC Leopards and Gor Mahia. We will then believe that the betting firms that are now reaping big out of this liberal house arena are ready to support sporting activities, not merely outside this jurisdiction but also locally. The English themselves, where SportPesa has ploughed over Kshs6 billion, invented the saying “charity begins at home”. May SportPesa follow that English saying and start by investing in local sporting activities?

Finally, the issue of taxation and contribution to the economy is important. It is important that we put in place a regime where these firms become responsible in terms of taxation. We would not want to see a situation where this becomes another arena for tax evasion. It is important that every single cent that these firms make is declared. We know that there are a lot of informal outlets where betting happens. Going into a lot of settlements in this city and across the country, you will find so many little outlets and dingy places where these activities are taking place. It is important that every single outlet is registered. Every single stream of revenue must be monitored and tracked by the KRA. All firms that are playing this game must be tax compliant and contribute to the economy. They must be mainstreamed. They should become part of the economic mainstream. That way, the country will reap full benefits of this new economic explosion. Otherwise, it is a good thing. Let us regulate it.

I am very happy that I set the ball rolling when, as Minister for Sports, I moved in this House, in 2012, the Sports Act. It is in this Act that we set the framework for sports betting. I challenge everybody who is involved in sports betting that among the reasons why we legislated on sports betting was to support local sporting activities. In that vein, allow me to send a big congratulatory message to our gallant girls and boys who represented us in Rio. I rebuke the managers of this team that mismanaged the whole contingent that went to Rio. Our athletes performed well in spite of that mismanagement.

I support the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I now give the Floor to the Member for Narok West, Hon. Ntutu.

**Hon. ole Ntutu:** Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to support this Bill. It is a very important amendment.

The Bill seeks to amend the Betting, Lottery and Gambling Act (Cap.131) to introduce tax to be paid by gaming operators of lotteries. Other countries have grown their economies because of such businesses. It has taken a long time for this country to see that gambling and betting is a huge business in this country. The KRA normally says that they have missed their tax collection targets. This is one of the loopholes that have resulted in them not collecting enough taxes. Therefore, this Bill has come at the right time. We have all seen, even in our small villages, young men and women gambling and betting. It is about time we regulated this business so that the KRA can collect taxes that will go a long way in building our country.

Former President Mwai Kibaki, whom I wish a quick recovery in South Africa, used to remind Kenyans that it is our duty to pay taxes. When you hear that some people in this country evade payment of taxes, you feel bad as a leader because it is our right to get revenue from taxation. One of my good friends, Hon. Ababu Namwamba, reminded us that Las Vegas thrives on gambling. It is a city that was built in a desert in the US but if you visit there today you will think it is a market place. It is such a big business. Therefore, anyone who wants to gamble in this country should be licensed. That will enable us to know the amount of money that gets so that it can be taxed according to our law.

We need to look at the taxes that people are not paying in this country not just in gambling, but also in other businesses. We should look at this issue because we have been brought here by our people to make a difference. Banks have been charging high interest rates since Independence but now that we are regulating that aspect, they are crying foul. We must do it because we need to help our people. This will go a long way in ending poverty in our country.

With those few remarks, I support this Bill and request my colleagues to also support it.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I give the Floor to the Member for Kaiti.

**Hon. Makenga:** Thank you, Hon. Temporary Deputy Speaker for giving me the opportunity to contribute to this important Bill. This is an important and a timely Bill. It is coming at a time when the betting, lottery and gaming industry is growing fast in this country. The Government must have a way of regulating and streamlining this business to ensure that we generate revenue from it. Betting is growing fast. Companies like SportPesa came in just recently but they are doing very well. We need to ensure that the Government maximises on tax collection.

It is important to note that betting is a game that is associated with rich people. Sometimes when I visit casinos, I find so many foreigners gaming. If the Government comes up with a way of ensuring that taxation is maximised, then this country will get a lot of money. Foreigners come into the country once in a while and visit casinos. We can get more money from that industry.

The taxation proposal is good because the industry must be regulated. There is need to protect Kenyan citizens from corrupt people who masquerade as consultants and extort money from *wananchi* after lying to them that they can bet for them. Strict laws should be in place to stop people who masquerade as consultants. There should be no consultants in betting. That is an open extortion of vulnerable people.

The Betting and Gaming Licensing Board should not be restrictive to investors who want to start that business in Kenya. The Government can earn more from people who are willing to place their money to bet. Since Kenya is a liberalised economy, we should not have a few licensed people because there is no criterion for denying others the opportunity to venture in the



betting business. I want to urge the Government to encourage people who would like to invest in this industry.

I would like to conclude by saying that the Government should regulate this industry because it can grow to be one of the leading tax contributors, just like the KRA identified landlords, never used to pay taxes. This industry should be encouraged because it can have many contributors. Even *mama mbogas* can now bet and pay tax.

I also urge the regulators to ensure that they provide an open system that allows anybody who is willing to venture in this business to do so. Nobody should be prohibited.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I would like to recognise the presence of students seated in the Public Gallery from Christ the King Primary School from Kanduyi Constituency, Bungoma County; Qubaa Muslim School from Mvita Constituency, Mombasa County and Kibuye Primary School from Kisumu Central Constituency, Kisumu County.

You are all welcome to the National Assembly.

Member for Kandara Constituency, you have the Floor.

**Hon. (Ms.) Wahome:** Thank you, Hon. Temporary Deputy Speaker, for giving me the opportunity to contribute to this Bill. I want to support it because the regulations are timely now that the country needs to raise sufficient funds for development.

As we debate, it is important to say that there is still a challenge in the way we collect and manage our revenue. Collecting is one thing and managing the revenue is another. We still have not been able to collect sufficient revenue from all the areas we need to. Targeting this area is good. We all know that gaming and betting are kind of luxury games for people who may have more money than they need. It is not a matter of life and death. Therefore, it is important that we tax these businesses even as we encourage them to spend more. Most important is how we apply that revenue in our development to achieve our Vision 2030.

Hon. Temporary Deputy Speaker, there is a concern that is rising within the country – that we have so many games that have come up even in our villages. We have seen games where small school children need to pay just Kshs20 to start. Therefore, there is idling within the villages and the shopping centres. It is becoming a menace. It is bringing more youth to towns to do nothing but gaming.

We need to find how county governments, even as we deal with this regulation, will help. This is because most of these businesses are being licensed by our county governments. It is unfortunate that the revenue received in our counties, looking at development, has had no pro-rata impact on the ground. We are not for the development of our counties. Applying back the revenue is not there in our counties.

My big concern is how we are regulating or keeping our school children from the gaming dens? How far from the villages, school centres and other education institutions are the games being allowed? Unless this regulation targets that aspect, we may not have achieved much. I know that gaming, lotteries and betting bring revenue. But, this is now being devolved to our villages. There are so many games that have been developed by people to basically collect money from members of the public. This is not good. We are not minding about the negative impact.

As the national Government and the National Assembly, it is time we regulated the kinds of games that are mushrooming in every bar, shop and within our villages. If we do not do something immediately, the education sector and the Ministry of Education, Science and

Technology (MOEST) have a big challenge. They should assess its impact on education performance and even on the number of school dropouts to establish whether there is any correlation brought about by the presence of these games. We have raised the same concerns in my constituency.

Schools administrators do not seem to know what to do in terms of disciplining the children. They are reluctant because they seem to be part of the cartels that are benefiting from the funds received from gaming. All the businesses allowing school children to participate in gaming should be closed without reference to any law enforcement agency. Immediately a child is seen there, there is obvious violation of the law.

How do we capture every shilling we are entitled to in revenue in this business? How does the revenue officer know how much is coming in? There are many ways of avoiding revenue collection because we know it happens. Declaration of how much money has been collected is something that the regulations that will emanate from these provisions should target. As we come up with regulations, we need to target the gaps that exist or always take away revenue. Otherwise, the expected returns will be lost because of dishonesty amongst traders who may not declare sufficiently the revenue they collect.

There is also an element that the lottery is supposed to be charitable in a way. Many lotteries that come up sometimes use a deception aspect because they all overdo TV advertisements. People are losing a lot of money. How do we know that they are genuine lotteries so that even as we bet, we know we are not putting money to areas that are not honest or managed and run properly?

There are cartels developed to con Kenyans of their money. We have seen lotteries that just come up to quickly receive money from the people. Within a short while, money is gone and nobody will have gained from that lottery. That is something we must be alive to. The regulations we will develop can address that. Policing regulations and licensing of betting needs to be raised to ensure that we get rid of bad practices that accompany the licensing of betting and lotteries. They are there and we know them.

May I repeat that we must know which areas to allow these games across the country? Just like we were talking about regulation of bars, we must know how far we can take these games from our villages. These are luxury activities. Do they need to go to the rural areas? How deep should they be allowed to exist in our communities?

Because we are talking about collecting and increasing our revenue, I take this opportunity to thank His Excellency the President for signing the Banking (Amendment) Bill. We know that the President chose the side of the people. Therefore, I urge the banks to support the law now that it has been enacted because we are looking for ways of increasing investment and trade, and encourage more entrepreneurship. We can still receive more income and revenue locally from investors, small-scale traders, farmers and the women who nowadays borrow money even for school fees. Imagine the high interest rates when you are borrowing school fees. It is an investment of some form but repayment may become a challenge.

We want more revenue. The Office of the Commissioner-General of the KRA should be given support through regulation and licensing of the area of betting, gaming and so on. We should also discourage crooks who come to this country to con Kenyans of their little monies and run away before we earn anything, as a country.

With those remarks, I support this Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Next is the Member for Kajiado South, Hon. Peris Tobiko.

**Hon. (Ms.) Tobiko:** No, I am the Member of Kajiado East Constituency.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Not South? Hon. Shaban, you will be next because I know you are capable.

**Hon. (Ms.) Tobiko:** Thank you, Hon. Temporary Deputy Speaker for the correction on *The Hansard*. I am definitely not the Member for Kajiado South. I am the Member for Kajiado East. You are my neighbour. You should know better.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): I must go on record and urge the relevant department to change their record. My request list shows “Kajiado South”.

The Member representing the people of Kajiado East Constituency, which is next to Kibwezi East Constituency, which I represent, is right.

Carry on, Member for Kajiado East.

**Hon. (Ms.) Tobiko:** Hon. Temporary Deputy Speaker, I rise to support this Bill.

As we said during Hon. Midiwo’s Motion on control of betting, this is a Bill whose time has come. Betting and gaming is a sector that has been left largely uncontrolled yet it is a sector which deals with huge amounts of money. We have companies like SportPesa and other lotteries. It is definitely more than welcome for the Government to start levying taxes on this sector. It is not just about taxation. Investigations in this area have to be done. As the Member for Kandara said, we need to know the genuine charities and lotteries in order to protect our people from being conned. We know that our youth spend a lot of time playing pool.

I remember some time back women in the country rose up to fight illicit brews. In my constituency, a lot of women had issues with pool gaming because our youth waste a lot of time in pool game dens. There are also games like horse racing and safari rallies, where a lot of money is involved. The Government could gain by regulating the sector by taxing these games. As a previous speaker mentioned, these are games for people who have money to spare. A number of people are addicted to betting. Others hope that they can make money out of them. In the process, they have lost money and have become frustrated. We have young people who have lost even the little money they had. There are those who even lose their bus fare and so they are unable to go home. This has caused a lot of emotional pain to families. Men have gambled and lost what was meant for the family. Whereas it may be a game for others, it is a matter of life and death for the poor people who lose the little money that they have. So, this Bill is necessary. It addresses a very crucial issue. I think we still need regulation.

*(Hon. Lessonet consulted loudly)*

Hon. Temporary Deputy Speaker, there is a lot of noise going on here.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Member, you are protected. Chair of the Select Committee on the National Government Constituencies Development Fund (NG-CDF), I know that we are anxious about the amendments that have been proposed. Let us give the Member for Kajiado East time to contribute.

**Hon. (Ms.) Tobiko:** Thank you, Hon. Temporary Deputy Speaker, for the protection. I was saying that this is an area that needs regulation even in terms of the age of participants. This is because our young people are getting roped into this whole thing through the digital instruments. They waste a lot of time and resources. There should be a way to regulate even the age of those who can participate and those who cannot in order for us to protect our youth.

I support but the Government needs to be focused on regulation to particularly protect our young people.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Member for Emuhaya, you have the Floor.

**Hon Isaack:** Thank you, Hon. Temporary Deputy Speaker, for giving me this opportunity. I am the Member for Lafey and not Emuhaya.

I would like to support this very important Bill. I have been one of the victims of betting and gaming. I remember in 1980, when I was a student in secondary school, I was brought to Parliament and as we were shopping around, we went to some place where there was a betting game called *pata potea*. I thought I would make a lot of money. I lost all my cash and I had to negotiate with my watch, which was very new. It was my first watch. I also lost my watch and at the end of the day I had nothing. I was almost crying.

I support what the Hon. Member has said. It is, sometimes, very disturbing when you lose everything you have. In this context, gaming, lottery and betting should not be allowed in certain sectors of our society, particularly in schools, colleges and universities. The children have to study very hard. They have to use their time for very important things like studying instead of wasting it on lotteries and gaming.

We should ensure that certain members of our society, like school and college students, do not participate because they will waste a lot of time and energy. If that provision is not in the law, we should bring amendments to include it. There are lots of financial transactions that take place in gaming and lotteries. The Government will earn revenue. This Bill has come to this House at the right time. These unscrupulous groups sometimes take away hard earned money from very innocent Kenyans. They easily get away with it because we do not have any regulations at all. I hope we will pass this Bill very fast, and that the President will assent to it.

Also, because of the huge financial transactions that take place in lotteries and gaming, the companies that are responsible should give back to society in terms of social responsibility. I have been told that there are areas in the Coast region where betting is in the control of foreigners. The money they earn is sent back to foreign countries without giving anything to the societies in the areas they operate. They should also give back to society so that Kenyans in those areas can benefit.

With those few remarks, I beg to support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Member for North Imenti, Hon. Abdul Dawood.

**Hon. Dawood:** Thank you, Hon. Temporary Deputy Speaker. You can see the Chairman of the National Government Constituencies Development Fund (NG-CDF) Committee gesturing. I support this Bill but I will be very brief.

We need to control betting and licensing in this country because a lot of our people lose money through betting and licensing. In my constituency, there is a particular a fellow who sells phones and tells people that they can win a motorbike. When I confronted him, he told me that he was given that licence by the County Government of Meru. Unfortunately, that licence was just to allow him do business for three days in Meru. He did not have a betting and licensing licence. For that reason, we need to check on these things. The county governments ought to be brought on board. They should not be giving licences to people for betting and lotteries.

Secondly, regarding SportPesa and betting, we need to come up with ways charging much more instead of just 5 per cent. We should make sure that at least 50 per cent of the revenue they get is goes to corporate social responsibility activities because a lot of our people are losing their money and committing suicide. We need to stop all that. We need to rein in

people who want to cash in our people's misfortunes. One person may win Kshs15 million but how many people have been made paupers out of it?

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Members, the Leader of the Majority Party is not here to reply. There being no further requests on this debate, the Mover will be called upon to reply during the next sitting.

Hon. Members, for convenience of the House, we will skip Order No.12 and go straight the next Order.

## BILL

### *Second Reading*

#### THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND (AMENDMENT) BILL

**Hon. Lessonet:** Hon. Temporary Deputy Speaker, I beg to move that the National Government Constituencies Development Fund (Amendment) Bill (National Assembly Bill No.34 of 2016) be now read a second time.

This Bill is about sharing of monies amongst the constituencies. Its passage will enable constituencies to share monies equally amongst themselves, including the allocation for the 2016/ 2017 Financial Year. It will enable us---

**Hon. S.S. Ahmed:** --- (*Off-record*)

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Order, Hon. Shakeel! You are out of order! You are not even on record. You have just walked in. This is a House of rules. You are a noisemaker in the House. Be orderly and then you can raise any point you want.

Carry on, Hon. Chairman.

**Hon. Lessonet:** Thank you, Hon. Temporary Deputy Speaker. I beg Members to bear with us. We need this Bill to be---

**The Temporary Deputy Speaker** (Hon. (Ms.) Mbalu): Hon. Lessonet, before you carry on, I must advise the House from where I sit. You cannot shout while in this House. I want to caution Hon. Shakeel Shabir. If he just walks in and raises his voice, we will call him a noise maker. That is disorderly conduct. I urge that we behave in the parliamentary way while in this House.

Proceed, Hon. Lessonet.

**Hon. Lessonet:** Thank you, Hon. Temporary Deputy Speaker for that caution. I will abide by your caution. I want hon. Members to maintain order and listen as I move this very important Bill.

This Bill is supposed to enable us share monies equally amongst the constituencies. This Bill takes cognisance of the fact that there are other funds focusing the areas which were marginalized, and which lagged behind in development. One of them is the Equalisation Fund. The formula for sharing revenues amongst county governments also takes into consideration the counties' land mass, population and the poverty index. The NG-CDF at the moment is only focusing on activities of the national Government. It is focusing on education, security and tertiary colleges. If you want to build a medical training college or a teacher training college or a

university or a referral hospital, those are areas of focus of the NG-CDF. That is the more reason we want to share these monies equally amongst the 290 constituencies.

This Bill was motivated by a recent court ruling which only allowed the NG-CDF to access an amount not exceeding Kshs25 billion. If we were to calculate the allocations using the former formula, the least amount that a constituency would get is around Kshs55 million while the highest amount is Kshs134 million. The reason as to why we want to start sharing the Kshs25 billion equally is so that each constituency in Kenya can get at least Kshs81million, taking note that this House is still working on a formula for sharing the Kshs10 billion that the court chose to withhold. The NG-CDF Board has already launched an appeal with the Court of Appeal. We are appealing for the release of the Kshs10 billion. This House will also have a role to play on the disbursement of the Ksh10 billion once the matter is concluded by the Court of Appeal.

I would like to inform Members that the National Treasury has been very good to the NG-CDF. They successfully released the sum of Kshs35, 213,000,000 that was voted for the NG-CDF during the 2015/2016 Financial Year. By the closure of the last financial year, the entire amount had been released to the NG-CDF Board. As of last week, the last tranche of Kshs3.8 billion had been released to the constituencies. I would like to inform Members that there are arrears for previous years totalling to Kshs4.9 billion, which the National Treasury is withholding. That figure is not in dispute. We are in touch with the National Treasury on what needs to do between now and December so that the National Treasury can source for that money through the Supplementary Budget. Although the Kshs35 billion for the last financial year has been disbursed in full, there is still a shortfall of Kshs4.9 billion in respect of previous years. The constituencies which are supposed to benefit from that money have been anxiously waiting for it.

I also appreciate the fact that the Central Bank of Kenya (CBK) has moved from the G-payment system – which is a manual system of payment – to an internet-based system. The process was accomplished last week and the disbursements were promptly done. Going forward, disbursement from the Board to the constituencies will be very fast. It will not be taking long like before. For instance, we were not able to disburse any money in the entire month of July because of the shift from the G-payment system to the internet-based system.

Just to clarify further, I want to inform Members that there is no CDF money for any constituency other than Balambala that was affected by closure of Chase Bank. Balambala constituency had a little money in Chase Bank. None of the 289 constituencies was banking with Chase Bank. Therefore, there is no money for any constituency which is stuck in Chase Bank. For avoidance of doubt, disbursement from the CDF Board to the constituencies is not channelled through any other commercial bank. It is done directly by the Central Bank of Kenya (CBK) to the benefiting constituency, irrespective of which bank a constituency banks with. The NG-CDF Board keeps 5 per cent of the money for administrative purposes. Apart from the 5 per cent entitlement, they had Kshs300 million in a fixed deposit at Chase Bank. We all knew Chase Bank to be a very good bank until recently. We are happy about the systems that have been put in place to ensure that the bank becomes fully operation. It is only Kshs300 million for the CDF Board that is stuck at Chase Bank. If we were to look at all the state corporations whose money was withheld at Chase Bank, the amounts will be in billions of shillings.

I beg my colleagues to support this Bill so that by next week we can table the schedule showing the allocation for each constituency. Thereafter, constituencies can bring in their proposals.

There are people and civil society organisations who always taken us to court. You know them. We invited all of them, including the Institute of Social Accountability. They have taken

us to court regarding the issue of constitutionality of the CDF. We invited them to give us their views regarding this amendment Bill. We gave them up to 24<sup>th</sup> August, which was yesterday, to come and submit a memorandum before the Committee that I chair. We wanted them to make any presentations on this Bill. I confirm to this House that to-date we have not received any response from them. That is just to confirm that that we are not doing this Bill in a hurry or under the table. We wrote to all the institutions that we thought had issues, including the Kenya Law Reform Commission, the State Department of Planning and Statistics, the National Treasury and the Office of the Attorney-General. So far, we have not received any petition or objection to this amendment Bill from any stakeholder. I am here to lobby Members to pass this Bill.

With those remarks, I beg to move and request Hon. Dr. Ottichilo, who I am made to understand might be the future Governor for Vihiga, to second the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Proceed, Hon. Ottichilo.

**Hon. (Dr.) Ottichilo:** Thank you, Hon. Temporary Deputy Speaker. I rise to second this Bill.

This Bill is at the heart of every Member of this House. I hope we can pass it within the remaining time to enable it proceed to the Committee of the whole House, so that by next week it gets assented to by His Excellency the President. This will ensure that we have money while on recess to enable us do some work for our constituencies. I appeal to my colleagues to expedite the approval of this Bill.

I also want to thank the Chairman of the NG-CDF Committee for bringing this amendment. This amendment is very important because it is now considering the changed situation in the country as regards CDF funding, especially the fact that it is now a national Government Fund. Therefore, this Bill is trying to ensure that the money that is availed through the NG-CDF is equally distributed amongst the 290 constituencies rather than using the old formula, which was arrived at because of disparities in development in the country. However, with the advent of the county governments, a lot of money has been devolved to the counties. Equally, the Constitution created the Equalisation Fund for marginalised areas, which can benefit directly from it. It is therefore very logical for us to share this money equally.

A ruling by a court recently took away our Ksh10 billion. We are now remaining with very little money. If we use the previous formula, quite a number of constituencies will be very much disadvantaged. I want to support this amendment. I note that this Bill is very timely. It will benefit all the constituencies across the board. The functions of this Fund have been scaled down to focus mainly on education and security. We need this money. Some of our college-going students need financial help. We need this money so that we can distribute it to needy students in form of bursaries. We have many issues of security to deal with in our constituencies. So, it is important that we pass this Bill as soon as possible.

Finally, I want to say something about the just concluded debate on the Bill regarding bating, gaming and lotteries. I agree with those who said that we need strict regulations on lottery and gaming, otherwise this country will become a gambling country and nobody will want to work. I want the young people who are in the galleries to work hard. I want them to know that there is no way they will get money easily. People are now being made to believe that they can just gamble.

With those few remarks, I beg to second the Bill.

*(Question proposed)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): I will start with the Member for Shinyalu, Hon. Anami.

**Hon. Anami:** Thank you, Hon. Temporary Deputy Speaker, for giving me an opportunity to speak on the National Government Constituencies Fund (NG-CDF) (Amendment) Bill.

You realise that the NG-CDF is a mitigating facility that rises to the occasion to close gaps that have not been covered in the mainstream facilitation of development in the country. Rather than have a continuance talk about the challenges we face in the constituencies, the NG-CDF will address them. The challenge that we have at the moment is that not all functions have been devolved. We still have functions that are being run by the national Government, through the NG-CDF, including mitigation in school fees payments, infrastructure development and environment conservation, among others.

While this House has been trying to formulate the new NG-CDF Act, very little activities have been undertaken since January; not even matters of emergency nature have been attended to. At the same time, we have ongoing projects which could not be attended. Therefore, we need to expedite this Amendment Bill. It is only fair that we equalise the allocations so that all the constituencies can get an equal amount of money the NG-CDF to undertake those functions. We have started projects like construction of classrooms, specifically for primary and secondary schools. In Shinyalu, for example, we have a deficit of 458 classrooms in primary schools, 218 classrooms in secondary schools, among other facilities. We need to undertake these projects so that Kenyans can enjoy the goodies that the new Constitution guarantees them.

Education is such a fundamental service that this Government has undertaken to offer its citizens but the prevailing state of poverty across the country does not allow some families to meet the educational needs of their children. Through the NG-CDF, we will provide bursary to needy students to fill the gap that our people find themselves in. Previously, we did not have bursary facilities. We had many school dropouts because needy students could not be helped. Some university students had to indefinitely defer their studies. That situation held back many children in terms of pursuance of education. It is only fair that we take affirmative action to address the issue of students who cannot afford education.

There are many projects which have stalled. Some of them were started by the national Government. This is because some of them were devolved and have not been effectively taken over by the county governments. We should, quickly and expeditiously, make arrangements to complete those projects.

For that matter, I appreciate the Chair.

*(Hon. (Ms) S.W. Chege consulted loudly)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Order, Hon. Members! Hon. Sabina and your colleagues, please lower your consultations.

Hon. Member, proceed.

**Hon. Anami:** Hon. Temporary Deputy Speaker, I particularly support the ideas of equalising the allocations of the NG-CDF across the constituencies and release of the funds that are still being held at the National Treasury.

With those remarks, I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, before we continue, I want to recognise pupils from Chorwa Primary School from Kuresoi North Constituency, Nakuru County. You are welcome to the National Assembly.



Member of Kisumu East, Hon. Shakeel Shabir, you have the Floor.

**Hon. S.S. Ahmed:** Thank you, Hon. Temporary Deputy Speaker. I oppose the proposal. This House has been concerned about the NG-CDF. That is why we put together the NG-CDF Caucus Committee.

**Hon. Rotino:** On point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Rotino, what is it?

**Hon. Rotino:** Hon. Temporary Deputy Speaker, this is a very important Bill but it seems we are only sharing one issue.

Therefore, I beg to move that the Mover be now called upon to reply.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Rotino, I will allow Hon. Shakeel Shabir to complete his contribution and then I will gauge the mood of the House.

Continue, Hon. Shakeel.

**Hon. S.S. Ahmed:** Hon. Temporary Deputy Speaker, the idea of equalising the NG-CDF allocation across the constituencies is totally wrong in its context, spirit and intention. Many Kenyans have been suffering since Independence. Development has been taking place around the railway line. Other areas have been marginalised for over 50 years.

The intention of the NG-CDF was to give opportunity to areas which do not have enough primary and secondary schools a chance to develop such infrastructure. Even in Kisumu East, we do not have enough primary and secondary schools. Baringo County and other places have hardly any secondary schools. How can we equate Baringo or Garissa with Nairobi? I totally disagree that the NG-CDF should be shared equally amongst all the constituencies in the country. At the best, we should allow for some poverty and marginalization indices of 90:10. Previously, this was at 75:25. This is one of the issues we must deal with.

The other issue relates to a statement that has already been lodged in this House with regard to the sum of Kshs4.9 billion arrears that has not been disbursed. The National Treasury has no intention of disbursing the arrears. We are approaching the end of our parliamentary term. In the past, they used to borrow money to pay previous years' arrears. It is called "teaming" and "leading". When it comes to the end of the session---

**Hon. Dawood:** On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Shabir, I am sorry to interrupt you again. There is a point of order from Hon. Dawood.

Hon. Dawood, what is out of order?

**Hon. Dawood:** Hon. Temporary Deputy Speaker, Hon. Shakeel has said that the Central Kenya region has more schools than other places because it has been favoured. He should prove that allegation. He has said that Kisumu and Baringo have been marginalised and Central Kenya has been favoured. I want him to prove that allegation because we are all equal in the eyes of God.

Thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Shakeel, you may want to comment on that point of order.

**Hon. S.S. Ahmed:** Hon. Temporary Deputy Speaker, The HANSARD will prove that I said the "central part of Nairobi". I was talking about Nairobi. I never mentioned central Kenya. The HANSARD will prove that position. If my colleague heard "central Kenya", it was not intended. I was talking about urban areas, especially the cities of Nairobi, Mombasa and Kisumu. I was trying to relate the central parts of Kisumu, Nairobi and Meru with their outskirts. That is what I was saying. The gist of my argument was based on the fact that there are no enough

schools and other learning institutions. We need every penny so that we can be on a level playing field. The intention of the NG-CDF, the Equalisation Fund and devolution is to create a level playing field. I do not think there is a single Member of Parliament who will deny that fact.

There is the issue of the Kshs4.9 billion that is in arrears. The National Treasury, as I said, has no intention of disbursing those arrears. They feel that, because they have to pay a minimum of 2.5 per cent of the Budget and there are financial years they have given more, the amount on top should be used to clear the arrears. However, that is not the case. Every year a Budget is prepared. If a Budget is prepared for, say, the 2013/2014 Financial Year and the amount is 3.5 per cent of that Budget, that is it. You cannot say that because we gave you 3.5 per cent in the 2015/2016 Financial Year and we had arrears of the 2014/2015 Financial Year, you will use those areas given that 3.5 per cent is more than 2.5 per cent. That argument does not hold. It is totally against fiscal policies and the Act.

I plead with the Select Committee on the NG-CDF to continue going to the National Treasury. As a House, we have already raised this issue, together with the issue of the Kshs10 billion which the National Treasury has to put together. If this does not happen within the next 10 or so weeks, a situation will occur where each constituency will lose Kshs51 million due to them. I urge the National Treasury to put together a Supplementary Budget, which must come to this House soonest possible, preferably before the recess. It can be done very quickly. They have done it before. I believe that if they bring it next week, Members will be very supportive.

As I said, we are part of the NG-CDF Caucus Committee that was put together to help the Committee on the NG-CDF with regard to the court case and other issues. There seems to be a breakdown in communication. It appears that we are not aware as to why this House, in a *kamukunji*, instructed the Caucus Committee to file an appeal. We even agreed on the advocates who were to file that appeal. The Caucus put the appeal together but it is yet to be filed by the Committee. If there is any reason for it not to be filed, it is incumbent upon the Committee to explain to hon. Members in a *kamukunji* – that, the reasons as to why they are not appealing are "a", "b", and "c". I think that is inappropriate.

The Chairman has not been very clear on the issue of Chase Bank. There is a sum of Kshs350 million – if not more – that the NG-CDF Secretariat deposited in a fixed deposit account at Chase Bank. There is absolutely nothing wrong with what they have done. We are just saying they should declare that Kshs350 million of the NG-CDF funds are stuck there. We should try and get it out or at least a declaration should be made. When you burry your head in the sand, you create confusion. I have heard a rumour that the amount has increased to Kshs1 billion. We are not sure why.

Finally, 90 per cent of the officers of the NG-CDF Secretariat have been in acting capacity for the last 10 years. These people have worked so hard. They have done so well yet they are in acting capacity.

With those few remarks, thank you.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Shakeel Shabir, you need to put it on record. Did you say you oppose the Bill?

**Hon. S. S. Ahmed:** Yes, Hon. Temporary Deputy Speaker, I oppose.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, earlier on, an hon. Member asked if the Mover could be called upon to reply. I would like to gauge the mood of the House. Do we continue with the debate?

**Hon. Members:** Yes!

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): If that is the mood of the House, we will continue although the Committee Chair had intimated that he would want this Bill to proceed to the Committee of the whole House in the afternoon because of its urgency.

*(Loud consultations)*

Hon. Members, I have gauged the mood of the House. I do not have to put the Question now. We will continue with the debate.

Next on my requests list is the Member for North Imenti, Hon. Dawood.

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

My reason for supporting it is exactly the opposite of Hon. Shakeel's reason. If we pass this Bill today, it will be the most important thing we will have done for the NG-CDF. If we divide Kshs25 billion equally amongst the 290 constituencies, each constituency will get Kshs81 million.

*(Hon. S.S. Ahmed consulted loudly with Hon. Lessonet)*

Hon. Temporary Deputy Speaker, I request to be protected from the noise being created by Hon. Shakeel.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, please consult in low tones so that Hon. Dawood can be heard.

**Hon. Dawood:** Thank you, Hon. Temporary Deputy Speaker. By dividing the Kshs25 billion equally, we will be doing a great favour to the country. The NG-CDF has gone a long way in assisting our constituencies and the country as a whole.

We need to file the appeal for the Kshs10 billion to be released. Once we get back the Kshs10 billion, the Committee should ensure that the money divided equally amongst all the constituencies. Let us not forget that there already exists the Equalisation Fund. We need to work a way out.

With those remarks, I support the Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Member for Lafey, I am not giving you opportunity to raise a point of order because you are next on my requests list; unless you want to prosecute the point of order.

**Hon. Isaack:** Thank you, Hon. Temporary Deputy Speaker. The NG-CDF is very popular. Most Kenyans support it. The amendment Bill before the House is very unfair. It should not be allowed to pass for reasons I will explain.

When this country gained independence in 1963, there was a policy to develop the arable lands and not the arid lands. As such, the arid lands have been left behind and the people there are marred with abject poverty. Arid lands constitute more than 70 per cent of Kenya's land mass. If those areas were properly developed, they would be feeding this country today. In fact, this country would have surplus food. No Kenyan would be going hungry. The development of the arid lands in this country started when the CDF came into being. That was when we built schools, started functional water projects and initiated other serious development projects. The previous formula for sharing the CDF money took into consideration the poverty index, which is an important aspect in the sharing of the CDF resources. That formula helped those areas to at least develop. In some areas the poverty index is above 90 per cent while in others it stands at 20 per cent. Given that disparity, is it in order to say that we should share the NG-CDF funds

equally amongst the constituencies. Why can we not give the NG-CDF a chance until when we have a level play ground? We should allow the level of development in those areas to increase. We live in one country, and our children should enjoy the similar levels literacy. The literacy levels in some parts of this country are below 20 per cent, while in other areas we have literacy levels of 90 per cent. People in the ASAL areas have not been accessing education, which we all know is very important. Is it fair to take away what has been given to the least development areas of this country?

It is said that if you want to educate the whole society, you must educate both the boy child and the girl child. If you leave the girl child behind, then you have not educated the society. If you leave certain parts of this country to wallow in poverty, you are actually pulling this country behind. You are being unfair to the country.

It is for that reason that I oppose this Bill. All the parts of this country need to be brought at par with each other in terms of development.

Thank you, very much.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Member for Elgeyo Marakwet, Hon. Susan Chebet, you may proceed.

**Hon. (Ms.) Chebet:** Thank you, Hon. Temporary Deputy Speaker for giving me this opportunity. I support the Bill.

This Bill is very dear to us our constituencies because of what the CDF has done for us in the past. I know that the predecessor of the CDF – the NG-CDF – will also do a lot for us. We also have the Equalization Fund, which has been created by the Constitution to take care of the development of areas which have been lagging behind. The NG-CDF is good because it will raise the standards of education and enhance security. The most important thing is education because it will equalise our constituencies and communities. Once we have education, most of our youth will be taken care of.

We have debated the Betting, Lotteries and Gaming (Amendment) Bill. Betting and gaming have taken a toll on our youth because they spend a lot of time betting because they did not complete their education.

*(Loud consultations)*

Hon. Temporary Deputy Speaker, there is a lot of talk around me. Please, arrest the situation.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Member, you are protected. Go ahead.

**Hon. (Ms.) Chebet:** Thank you. We need education so that our youth can remain in school and stop the betting we are seeing currently. Recently, our youth burned schools enmass.

**Hon. Lentoimaga:** On a point of order, Hon. Temporary Deputy Speaker.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): What is it, Hon. Lentoimaga?

**Hon. Lentoimaga:** Hon. Temporary Deputy Speaker, would I be in order to move that the Mover be now called upon to reply?

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, we have only four minutes.

*(Question, that the Mover be now called upon to reply,  
put and agreed to)*

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Chebet, please wind up in exactly one minute.

**Hon. (Ms.) Chebet:** Thank you, Hon. Temporary Deputy Speaker. I will be done in one minute.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Just conclude.

**Hon. (Ms.) Chebet:** My argument is that---

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Chebet, we have exactly three minutes. I wanted you to complete by saying you support, so that I can give the Floor to the Committee Chairman to reply.

**Hon. (Ms.) Chebet:** I support this Bill.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Thank you, Hon. Chebet. I now give the Floor to the Chair.

**Hon. Lessonet:** Thank you very much, Hon. Temporary Deputy Speaker. Thank you, hon. Members, for accepting to finalise this Bill.

I want to give one minute to Hon. (Eng.) Gumbo and one minute to Hon. Lentoimaga.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Gumbo, I doubt if you can ever do anything substantial in one minute's time.

Please, go ahead.

**Hon. (Eng.) Gumbo:** I am an expert. This is a good thing. I sit in the NG-CDF Committee. The move we have come up with is trying to share the Fund equally and making sure that everybody is equally taken care of.

I support.

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Lessonet.

**Hon. Lessonet:** Hon. Temporary Deputy Speaker, I thank the hon. Members of this House for accepting to deal with this matter. I assure them that the intention of this Bill is not to disadvantage any constituency or county or Member of Parliament. This is an attempt to bridge the gap.

In last year's allocations, the constituency that got the biggest share got Kshs194 million while the one that got the smallest share got Kshs94 million. The difference between the biggest share and the smallest share was Kshs100 million. Through this Amendment Bill, we are trying to reduce that gap by ensuring that each constituency gets an equal share of the NG-CDF allocation, given that the NG-CDF will now be focussing only on national Government functions, including education. We expect 90 per cent of the NG-CDF money to end up in bursaries and infrastructure development for schools. I urge my colleagues to support this Bill

With those remarks, I beg to reply.

## ADJOURNMENT

**The Temporary Deputy Speaker** (Hon. (Ms.) Shebesh): Hon. Members, the time being 1.00 pm, this House stands adjourned until this afternoon, at 2.30 pm.

The House rose at 1.00 pm.