

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 7th June, 2000

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No.075

IMPLEMENTATION OF *EL NINO* EMERGENCY PROJECT

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

- (a) how much money was allocated for repairs and maintenance of roads in Laikipia District from the *El Nino* Emergency Fund; and,
- (b) which roads benefitted from the Fund in the District.

The Assistant Minister, Office of the President (Mr. Kochale): Mr. Speaker, Sir, I beg to reply.

(a) Laikipia District was not among the districts gazetted as disaster districts, because the effects of the *El Nino* rains were not as devastating as in other districts. It is only those districts which were gazetted that are to benefit from *El Nino* funds.

(b) No roads have benefitted from *El Nino* Emergency Funds in the district.

Mr. Kiunjuri: Mr. Speaker, Sir, I have not received a written reply from the Assistant Minister. However, since the Assistant Minister is one of my constituents, I will not push him on that issue. However, the Question was deferred so that the Assistant Minister could come back to the House and give a proper answer.

Mr. Speaker, Sir, the initial Question was:-

"Which criteria did the Minister use in gazetting the districts, bearing in mind that *El Nino* affected all the parts of this country?"

Mr. Kochale: Mr. Speaker, Sir, my Ministry sent the written reply to the National Assembly, so he should have got it.

Mr. Speaker, Sir, if I might answer the Question, which was deferred, the criteria used is based on the prioritization of the District Disaster Committee in every district which assesses the effects of the rains on the roads in the districts.

Mr. Gatabaki: Mr. Speaker, Sir, the Assistant Minister is talking about District Disaster Committees which assess how particular districts were affected by *El Nino*. Could he tell us how the District Disaster Committee was able to tell the effects of the *El Nino* rains in Laikipia, Thika, Kiambu and other districts, so that the entire Central Province was not considered for the *El Nino* Emergency Funds?

Mr. Speaker: By the way, Mr. Gatabaki and the Assistant Minister, Laikipia is in Rift Valley Province.

Mr. Kochale: Mr. Speaker, Sir, indeed, Laikipia District is in the Rift Valley.

Mr. Speaker, Sir, the District Disaster Committees sat and decided on the districts which had a lot of damages. The Laikipia District Disaster Committee only recently submitted its recommendations. The Government will, however, continue to channel its resources through the relevant Ministries in rehabilitating damages caused by *El Nino* in that district.

Mr. Kibaki: Mr. Speaker, Sir, first of all, the Assistant Minister should withdraw the remark that there were disaster committees in every district. It is not a fact because there were no disaster committees in any of the districts we know.

Secondly, is the Assistant Minister aware - if he is not aware he should tell us why he is not aware - that in the whole of Central Province there was no money allocated from the *El Nino* Emergency Fund, and yet all those districts lying on the slopes of the Aberdares suffered more from the floods of *El Nino* than any other place in Kenya? There is no single district which was given any assistance from the *El Nino* Emergency Fund.

Mr. Kochale: Mr. Speaker, Sir, as far as I am concerned, district disaster committees are there in every district. All the districts he has mentioned have just sent their recommendations to the relevant Ministries, and the Government has secured funding for those districts which were not affected most.

Those districts which were not most affected are Murang'a, Maragua, Nyeri and Nyandarua.

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

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

Mr. Speaker: Order, Mr. Michuki! What do you think Mr. Ndicho is doing? Proceed, Mr. Ndicho!

Mr. Michuki: I never know what he does!

Mr. Ndicho: Mr. Speaker, Sir, hon. Michuki is inciting and taking a very dangerous route, and if I take it---

Mr. Speaker: Order, Mr. Ndicho! The Chair does not encourage incitement. In any case, as an hon. Member, nobody can ever possibly incite you.

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. You recognised Mr. Kibaki when he rose to ask his supplementary question and then the Assistant Minister stood up and started reading a statement completely different from what he was asked. Could he tell us why no single cent was allocated to any road in Central Province?

Mr. Kochale: Mr. Speaker, Sir, that means that people from Central Province did not submit anything to the disaster committees.

Mr. Angwenyi: Mr. Speaker, Sir, could the Assistant Minister tell us who prioritised districts for *El Nino* Emergency Funds, and the criteria which was used to assess suitability for *El Nino* funding?

Mr. Kochale: Mr. Speaker, Sir, it is the District Development Committees which are supposed to submit a list of the most affected areas. In fact, the Member of Parliament should be in one of those committees.

Mr. Keriri: Mr. Speaker, Sir, the Assistant Minister has told us that there were disaster committees in the districts, and we have insisted that there were not. Could the Assistant Minister table in this House the circular by which he asked the districts to form *El Nino* disaster committees so that we can be sure he is telling us the truth? As far as I am concerned, there were no committees of that nature.

Mr. Kochale: Mr. Speaker, Sir, that document is not available. I would like to inform the hon. Member that District Disaster Committees are virtually in every district. So, it should be in his district.

(Several hon. Members stood up in their places)

Mr. Speaker: Order! Order! Although this Question was about Laikipia District, it does seem to generate a lot of interest. I think the Assistant Minister has been asked a very salient point; the proof of your asking District Disaster Committees to make recommendations. In all fairness, I will defer the Question to Tuesday next week to enable you to come back with an answer.

(Question deferred)

Question No.088

IMPORTATION OF SUGAR

Mr. Anyona asked the Minister for Finance:-

(a) how much sugar was imported into the country in the 1996/97, 1997/98, 1998/99 and 1999/2000 financial years;

(b) how much sugar in transit was diverted into the local market by unscrupulous businessmen to evade taxation;

(c) how much import duty was accrued and collected in "a" and "b" above; and,

(d) what the names of the companies involved in the importation of sugar in both cases are.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I beg to reply.

(a) The amount of sugar imported into the country in the 1996/97, 1997/98, 1998/99 and 1999/2000 financial years was as follows:-

| Financial Year | Quantity in metric tonnes |
|----------------|---------------------------|
|----------------|---------------------------|

| | |
|---------|--------|
| 1996/97 | 79,701 |
|---------|--------|

| | |
|---------|---------|
| 1997/98 | 119,906 |
|---------|---------|

| | |
|---------|----------|
| 1998/99 | 72,203.5 |
|---------|----------|

1999/00 19,009 (Up to March 2000)

(b) During the same period, 59,395 metric tonnes of transit sugar was suspected to have been diverted into the local market by unscrupulous businessmen.

(c) (i) During the same period, the amount of import duty collected from sugar imported for domestic consumption was as follows:-

Financial Year Import Duty (Kshs)

| | |
|-----------|---------------|
| 1996/97 | 723,105,686 |
| 1997/98 | 1,321,389,311 |
| 1998/99 | 531,266,515 |
| 1999/2000 | 189,477,583 |

All the duty was duly collected.

(c) (ii) No import duty has been collected in regard to transit sugar that was diverted into the local market by unscrupulous businessmen. However, the clearing and forwarding agents who were involved in clearing the sugar have been taken to court. These cases are pending in court. The amount of duty that is due from these cases is Kshs624,084,974.

(d) The following is a list of the companies that imported sugar into the country between the year 1996 and March, 2000.

Delmonte Kenya Limited, Sajun Limited---

Mr. Speaker: How long is that list, Mr. Arap-Kirui?

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): I have got 62 names.

Mr. Speaker: Why do you not table the list?

An hon. Member: Read out the names of the big companies!

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): I do not know the big ones because this is just a list. But big ones include, Mumias Sugar Company, Muthoki Agencies, Jakis Farm Produce, Mvita Bottlers, Cadbury Schweppes, Genagri Limited, Bawazir Limited, Mara Forwarders, Simba Commodities Limited, AFCO, ED and F. MAN Limited, and so on. I now beg to table the list.

(Mr. Arap-Kirui laid the list on the Table)

Mr. Anyona: Mr. Speaker, Sir, the Assistant Minister did not read out the last two sentences of his answer which are very important. He should answer that after I have asked my supplementary question. We have been given here a list of 62 companies that imported sugar. From the note that was not read, he says, none of the local companies evaded paying tax. It is foreign companies whose sugar was on transit that did so. I would like to know from the Assistant Minister which these foreign companies are, and that diverted their sugar to the local market.

Mr. Arap-Kirui: Mr. Speaker, Sir, I wish to thank the hon. Member for assisting me there. I did overlook the last two sentences which say exactly what the hon. Member has stated. No local company is recorded as having evaded paying local duty with regard to sugar importation. I reckon that "recorded" is the key word there. The companies that were taken to court were clearing agents who handled the transit sugar which belonged to foreign countries. I do not have the names of the foreign companies here, but what I have are the clearing and forwarding agents who were acting for these purported importers. We believe that some of these importers might have been fictitious. We have 14 of these clearing agents who are in court. Some of them are Yascon Cargo Limited, Diah Forwarders, Falco Limited, Wings of Good Hope, Tamab Agencies, Air Cargo Forwarders, Suguche Company Limited, Namanja Afrique International, Golden West Forwarders, Speedwings Conveyors, Space Speed Freighters, Afrofreight Forwarders, Cradle Clearing and Forwarding and Mayo Enterprises.

Mr. Wamae: Mr. Speaker, Sir, could the Assistant Minister tell us whether any of those clearing agents are still operating or whether their licenses have been cancelled? What happened to the bonds which must have been executed by the companies that imported the sugar in transit? Have they been cashed by the Government?

Mr. Arap-Kirui: Mr. Speaker, Sir, as I said earlier, these clearing and forwarding companies have been taken to court to make good their bonds and so, obviously, they are still in business. I think it is safe to assume until they are proved otherwise that these may have been innocent freight forwarders who gave these bonds in good faith but they have been misled by their clients. In which case, I do not think we can blame them until it is proved otherwise.

Prof. Anyang'-Nyong'o: Arising from the Assistant Minister's answer to part "b" of the Question, which concerns the 59,395 metric tonnes of sugar which was diverted to the local market - this information has been available to the Minister for quite sometime since it occurred from 1996/97 Financial Year - and noting further that the diversion of sugar to the local market ruins the sugar industry and puts a lot of peasant farmers in jeopardy with regard to their incomes and enhances poverty in this country, how come that the Assistant Minister did not find it prudent to report these perpetrators of corruption to the Select Committee on Anti-Corruption when it was carrying out its investigations, so that it could look into the issue and report back to this House?

Mr. Arap-Kirui: Mr. Speaker, Sir, I am not sure that I am the right person to handle that. I am just representing the Minister for Finance. I believe that there is no secret about this matter. The matter, as one hon. Member has indicated, might be *sub judice* because these people are in court. I thought court records are public records and the Members of the Committee could have taken up this matter.

Mr. Gitonga: On a point of order, Mr. Speaker, Sir. Did you hear the Assistant Minister saying that he is not the right person to answer this Question on behalf of the Minister for Finance?

Mr. Speaker: What did you say, Mr. Arap-Kirui?

Mr. Arap-Kirui: I did not say that!

Mr. Anyona: Mr. Speaker, Sir, this is a very serious issue because we are ruining the economy with our eyes wide open. I would like to know from the Assistant Minister whether this practice has now come to an end; and also, if the cases in court are both criminal and civil?

Mr. Arap-Kirui: Mr. Speaker, Sir, as far as we know, this is now history because our sugar farmers safely carry on with their business. As for the other part of the question, I think the Attorney-General is best suited to answer on the criminal aspect.

Mr. Keriri: Mr. Speaker, Sir, if I heard the Assistant Minister well, he did say that these people have been taken to court *inter alia* to make good of their bonds. Bonds are supplied by forwarding companies so that they can be effected immediately they commit an offence. You do not have to take these people to court to effect the cashing of the bond. Why did the Ministry not cash the bond immediately?

Mr. Arap-Kirui: Mr. Speaker, Sir, as a matter of fact, I am not representing the Attorney-General. But if I can be allowed---

Mr. Speaker: Order, Mr. Arap-Kirui! The Attorney-General does not collect revenue or implement the Finance Act. It is you!

Mr. Arap-Kirui: Mr. Speaker, Sir, with due respect, I was saying that in relation to the prosecution of cases. Once we have done our bit, it is for the Attorney-General to do his. As I had explained earlier, the bonds were not cash bonds. If they were, we would have cashed them. Most of them are covered by insurance companies. So, what we have is the case of covering the agents and the insurance companies. So, we have got to go after these companies and their insurers.

Mr. Speaker: The Question by Dr. Kulundu will be deferred.

Question No.104

UPGRADING OF NAVAKHOLO TO STD STATUS

(Question deferred)

Question No.139

REVIVAL OF MASINGA WATER PROJECT

Col. Kiluta asked the Minister for Water Development:-

- (a) whether he is aware that the Masinga Water Project has stalled and that water pipes for the project are lying at Masinga D.O's Office and stand to be damaged if not protected or used; and,
- (b) what action he is taking to revive the project and ensure that Masinga people are supplied with water.

The Minister for Water Development (Mr. Ng'eny): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware.

(b) Kshs10 million has been allocated to Masinga Water Project in the 2000/2001 Financial Year.

Col. Kiluta: I thank the Minister for promising to revive the project. But my main concern is, that this project

was started in 1984 and the Ministry has been buying pipes. In 1997, it also bought some more pipes. How much money will this project cost in total and when will he avail this money to complete the project?

Mr. Ng'eny: Mr. Speaker, Sir, I agree that the project has taken sometime to be complete because of financial constraints, but now the project is near-completion. The amount which has been allocated for the year 2000/2001 Financial Year will definitely complete the project. I am happy that I will soon visit the project for final inspection before it is implemented.

Col. Kiluta: On a point of order, Mr. Speaker, Sir. Is he in order to say the project is nearing completion when the pipes are just lying there?

Mr. Speaker: Order. Col. Kiluta! You are now arguing and not raising a point of order. If you want to ask a supplementary question in order to contradict him, please wait to catch my eye.

Mr. Ndilinge: Mr. Speaker, Sir, arising from what the Minister has told the House, it appears that the project has been started. Could the Minister agree or deny that the project has not yet started?

Mr. Ng'eny: Mr. Speaker, Sir, the Masinga-Kitui and Masinga Town project is one in two. One is the Masinga-Kitui Project which is virtually complete. But the Kshs10 million was allocated to the Masinga Market Project, which will be completed in the next financial year.

Col. Kiluta: Mr. Speaker, Sir, I really do not know what to do! The Masinga Water Project was estimated to cost Kshs131 million. It has never been started. The Minister has just said that only Kshs10 million is needed to complete the project! Could the Minister tell us when the project was started? How can one finish what was never started?

Mr. Ng'eny: Mr. Speaker, Sir, let me emphasise once more that the Masinga-Kitui Project and the Masinga Market Project is one in two. The Masinga-Kitui Project is almost complete. That is what I have said. The Kshs10 million which was given is for the completion of piping of the Masinga Market Project.

Question No.140

RE-TARMACKING OF RODI-KOPANY-KARUNGU ROAD

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

- (a) what are the findings of the investigations done by the engineers on the Rodi-Kopany-Karungu Road;
- (b) whether he is satisfied that all civil works were done according to the specifications; and,
- (c) whether he could order the re-tarmacking of the road.

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

(a) Site investigations and tests being undertaken by the Materials Department of the Ministry of Roads and Public Works have not been completed yet.

(b) I will be able to confirm whether all civil works were done according to specifications after I receive the material tests on the road.

(c) The road is programmed for resealing during the next financial year.

Mr. Ojode: Mr. Speaker, Sir, could the Assistant Minister tell the House why it has taken too long to do the tests and yet, I, myself, took the Minister to the road. The Minister was also satisfied that the road was shoddily done. Why has it taken a long time to conduct the tests?

Eng. Rotich: Mr. Speaker, Sir, it has not taken too long. It is the type of tests that we take. Those tests will be complete in the first week of next month.

Dr. Ochuodho: Mr. Speaker, Sir, the Assistant Minister, being an engineer, and in the company of hon. Ojode and other Members of Parliament, verified that the said road was shoddily done. Indeed, the District Development Committee (DDC) is on record to have said that, the Government should not have accepted the handing over of the road and yet, somehow, the Government went ahead to release money and accept the road. What happened? How did it come about that, even after the DDC had recommended that the road should not be accepted, the Government still went ahead, behind the back of the DDC, to accept the road and pay back the money?

Eng. Rotich: Mr. Speaker, Sir, if I recall well, the Minister for Roads and Public Works admitted that there were some mistakes in the contract. That is why we are conducting the investigations so that we can take action.

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order, Dr. Ochuodho! You are not the only Member here!

Prof. Anyang-Nyong'o: Mr. Speaker, Sir, there are contradictions in the Assistant Minister's answer to parts (a) and (c). If I understood the Assistant Minister well, he did say that the investigations are still not yet complete, but

will be completed in one month's time. In reply to part (c) of the Question, he said that the road is already scheduled for resealing in the next financial year. How does the Ministry schedule the road for resealing while investigations are still going on? Why make conclusion before you conclude your investigations?

Eng. Rotich: Mr. Speaker, Sir, I think the investigations were not meant for the resealing. We know that the road was not done well. We want to find out what went wrong. It was supervised by a consulting engineer and we want to take action against him! That is why we are doing the investigations.

Dr. Ochuodho: On a point of order, Mr. Speaker, Sir. You have heard the Assistant Minister say repeatedly that, the Ministry was convinced that the road was not done well. How then did they approve the payment for the job if the road was not done well? Is he in order to mislead the House?

Eng. Rotich: Mr. Speaker, Sir, the reasoning behind the payment was based on the report from the consulting engineer who supervised the road.

Mr. Ojode: Mr. Speaker, Sir, I will accept the answer given in reply to part (c) of the Question. But could the Assistant Minister tell the House how much money has been budgeted for resealing the entire road?

Eng. Rotich: Mr. Speaker, Sir, I do not have the exact figure now, but I can provide it.

Mr. Ojode: Mr. Speaker, Sir, that is very misleading information! If he does not know how much money will be spent on that particular road and, yet, he has also confirmed that resealing will be done, is he not misleading the House? When will he bring the budgeted amount for the road? Will he do the resealing or re-construction?

Eng. Rotich: Mr. Speaker, Sir, we shall do the resealing and not reconstruction.

Question No.201

TARMACKING OF NKUBU-MITUNGUU ROAD

Mr. Murungi asked the Minister for Roads and Public Works when the Government will tarmac the Nkubu-Mitunguu Road.

The Assistant Minister for Roads and Public Works (Eng. Rotich): Mr. Speaker, Sir, I beg to reply. The Government has no immediate plans to tarmac the Nkubu-Mitunguu Road.

Mr. Murungi: Mr. Speaker, Sir, as you have noticed, the answer given is too brief! However, although the Assistant Minister's answer is very brief, Nkubu-Mitunguu Road is a very important road because Mitunguu is the bread-basket for the larger Meru District, and the country at large. It has the biggest irrigation project in Meru. The Government knows very well about it because hon. Biwott established that scheme when he was a District Officer (DO) in South Imenti sometime back.

(Laughter)

Mr. Speaker, Sir, I do know that the Government might not have money to tarmac the road. But I talked to the Minister for International Economic Co-operation of the Federal Republic of Germany, who had assisted in putting up the irrigation scheme. He said that they were willing to tarmac the road provided that the Kenya Government puts the road as one of the agenda items in the bilateral negotiations between Kenya and Germany. Could the Assistant Minister explain why, for the last three years, the Kenya Government has not done the simple task of merely putting the road on the agenda of negotiations between Kenya and Germany?

Eng. Rotich: Mr. Speaker, Sir, I am not aware of that information. But I am now aware and I will do the necessary.

Question No.150

STALLING OF KISUMU-MIWANI-MUHORONI ROAD

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

- (a) whether he could explain why the construction of the Kisumu-Miwani-Muhoroni Road has stalled;
- (b) whether he could confirm if the contractor is still on site; and,
- (c) how much money has been paid to the contractor, and when the work will commence.

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

(a) The works on the Kisumu-Miwani-Muhoroni Road were of maintenance nature, and were carried out up to Chemilil as specified in the contract. Beyond Chemilil, works have not been undertaken as the type of works required are not of maintenance nature. They are of reconstruction nature rather than maintenance. This is from Chemilil to Muhoroni.

(b) The contractor has not handed over the road since it is still on 12 months mandatory maintenance period.

(c) The contractor has been paid a total of Kshs255,357,981.00 for the completed part of the works.

Mr. Sungu: Thank you, Mr. Speaker, Sir. This Road is very important in the Sugar Belt Area because it is serving a very, very important economic sector in this country. It is not correct that this Road was for maintenance. I was there personally and this Road passes through my constituency and my home. It was up for reconstruction and they had to reconstruct the whole road. Within six month, this Haya Bishan Singh did a road which was potholed. The current maintenance we are talking about is for rectifying the potholed road which was done after six months only. Could the Assistant Minister explain what were the specifications for this road and why it has taken a very short time of it to be potholed, when it was supposed to be done properly?

Eng. Rotich: Mr. Speaker, Sir, the section in question the hon. Member is talking about is 36 kilometres, which was re-sealed. The other one which has not been done is about 26 kilometres. The one which is under maintenance as of now--- I am not aware that the road failed immediately.

Dr. Oburu: On a point of order, Mr. Speaker, Sir. I think the Assistant Minister is informed. This road was constructed by Haya Bishan Singh. But is he aware that the original contract did not include drainage of the road network and, therefore, it was washed away less than six month after it was completed? Even the drainage works which were later on done, after the Minister for Roads and Public Works, hon. Kones visited the area, was only done half-way and was abandoned by the contractor, and up to now, there is nothing going on and even the repair which has been done is going to be washed in less than another three months, because there is no drainage in the road network.

Eng. Rotich: Mr. Speaker, Sir, I am aware that the contract did not include drainage and that is why a variation order was given for drainage on 17th January, 1998.

Dr. Ochuodho: Mr. Speaker, Sir, could the Assistant Minister tell this House-- It seems as if the same Haya Bishan Singh, as a contractor, is the root cause of all road construction problems in the Western parts of Kenya and, perhaps, the same consulting engineer is the same one in the previous Question by hon. Ojode, who misinformed the Government. Could the Assistant Minister tell us why they cannot totally blacklist, first, Haya Bishan [Dr. Ochuodho] Singh and then the other consulting engineering firm.

Eng. Rotich: Mr. Speaker, Sir, if we find that the information is true, we shall blacklist the contractor. We have no problem in blacklisting him.

Dr. Omamo: Mr. Speaker, Sir, the track record of Haya Bishan Singh, as far as road construction is concerned, is very poor and as the Government seems to be aware of this, could the Assistant Minister assure this House that, in the future, Haya Bishan Singh, whose costs are higher and higher, is not going to be awarded contracts for roads construction in Nyanza? This is because his name is bad!

Hon. Members: In Kenya!

Dr. Omamo: Well, if it is the opinion of the hon. Members that it should be "in Kenya", it should be "in Kenya!"

Eng. Rotich: Mr. Speaker, Sir, we shall investigate and if found guilty, we shall blacklist him.

Hon. Members: We already know!

Prof. Anyang'-Nyong'o: On a point of order, Mr. Speaker, Sir. This is a very important point. The then Minister for Public Works and Housing, hon. Kones, did visit that road and it was covered by both KBC and KTN Televisions, and I saw it myself. Unless I was seeing a ghost, the then Minister said that the road was sub-standard, the re-sealing was done outside specifications and that, Mr. Haya Bishan Singh and the consulting engineer were going to be penalised by the Government and the road was to be constructed again. This was a Government Minister speaking. Now, an Assistant Minister of the same Government is coming here, two years later, completely overturning what the Minister had said. Are we talking of one Government or two Governments? Could the Assistant Minister confirm to us that the Minister who has now been sacked, was the one telling the truth and the one sitting here now, is telling this House something which contrary to the truth?

Mr. Speaker: Order! Order! What a wonderful question lost on a misnomer called a point of order!

Prof. Anyang'-Nyong'o: Mr. Speaker, Sir, my point of order was---

Mr. Speaker: Order! There is no further hijacking of the Floor! I am just inclined to put the question from the Chair. What do you think about that question, Mr. Assistant Minister?

Eng. Rotich: Mr. Speaker, Sir, this is one of the companies were are investigating, with a view to blacklisting it. There are a number of companies and this is one of them. I wish to confirm that there is one Government and one

Minister.

Mr. Sungu: Mr. Speaker, Sir, the Government spent a whopping Kshs250,000,000 for the construction of 36 kilometres of the road which never lasted six months. Could the Assistant Minister now confirm that he is going to order site investigations and if possible call me when visiting that site, so that, I can show him the potholes which developed, just a few days after the construction of road? This is a rip-off! The Ministry must come up because Kenyans are suffering from poverty now and we do not have cash to do many other things because people are dying of hunger, and yet an Indian contractor is allowed to take away Kshs250,000,000 for doing no work done! Could the Assistant Minister come up and tell us the truth?

Eng. Rotich: Mr. Speaker, Sir, all the time I have been telling the truth. If it is the opinion of the hon. Member that the Government sends another team to check that road in the Member's presence, we can arrange that.

Mr. Ojode: Mr. Speaker, Sir.

Mr. Speaker: Order! Order, Mr. Ojode! Mr. Ojode, Mr. Speaker is not just called anyhowly! Next Question!

Mr. Ojode: One last question, Mr. Speaker, Sir!

Mr. Speaker: Order! Order! You do not do that! Mr. Ojode, you are going to cheapen this House and I am not going to assist you in that endeavour. So, if you really want me to see you, stand there, dignified, and your dignity will attract my eye. But the eyes of---

(Mr. Ojode stood up in his place)

Order! Disorder, Mr. Ojode is repulsive to the eyes of Mr. Speaker. Now that you are dignified, what is it?

Mr. Ojode: Thank you, Mr. Speaker, Sir. Now that the Assistant Minister has accepted that the work was shoddily done, could he also consider this particular road for resealing or reconstruction?

Eng. Rotich: Mr. Speaker, Sir, I am not able commit myself now.

Mr. Speaker: Very well! Question by Private Notice!

QUESTION BY PRIVATE NOTICE

Mr. Ndilinge: Mr. Speaker, Sir---

Mr. Speaker: Order! Order! Are you asking the Question?

Mr. Ndilinge: No, Mr. Speaker, Sir. I wanted to inform the House that hon. Musila wanted the Question deferred.

Mr. Speaker: Yes, I will accede to it. He is a member of the Chairman's Panel.

NON-PAYMENT OF COMPENSATION TO MBONDONI LAND OWNERS

(Mr. Musila) to ask the Minister for Information, Transport

and Communications:-

(a) Is the Minister aware that the former Kenya Posts and Telecommunications Corporation (now Telkom Kenya Ltd) built the Mbondoni Repeater Station on private land owned by Samuel Kang'aatu, Muingo Kali, Mwangangi Mwendwa and Mwatoo Mwangangi?

(b) Is he further aware that owners of the land where the repeater station stands have not been compensated to-date?

(c) When will Telkom Kenya Ltd pay compensation to those people?

Mr. Speaker: The Question is deferred.

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

(Question deferred)

Mr. Speaker: Next Order!

POINTS OF ORDER

CLOSURE OF CHEPKOILEL CAMPUS

Mr. Wamae: Mr. Speaker, Sir, I rise on a point of order to seek a Ministerial Statement from the Minister for

Education with regard to the closure of Chepkoilel Campus at Moi University. This Campus was closed on 17th March, 2000 and all the students were sent home. Since then, Third and Fourth-Year students have returned, but First and Second-Year students are still at home. The students and parents are very worried. We think that the Chancellor and the Vice-Chancellor have not been taking much interest in this Campus. The Principal is considered to be very arrogant, proud and dictatorial. Would the Minister tell us when those students are going to be recalled to the university?

KILLING OF VILLAGERS BY DEL MONTE GUARDS

Mr. Ndicho: Thank you, Mr. Speaker, Sir. I rise on a point of order to ask the Minister of State, Office of the President to respond to the following:-

On 15th May, this year, two young people from Thika---

Mr. Speaker: By the way, under what Standing Order are you doing that? Are you asking questions on the Floor of the House, Mr. Ndicho?

Mr. Ndicho: I am seeking a Ministerial Statement, Mr. Speaker, Sir.

Mr. Speaker: Very well, say so.

Mr. Ndicho: Mr. Speaker, Sir, I am demanding a Ministerial Statement from the Minister of State, Office of the President. On 15th May this year, two young men went into Del Monte land in Thika and then, the guards of that company pursued them with their dogs, arrested them, tied one of them with a rope on both feet and hands and beat them senselessly. In the process, one man called David Miaka Mwangi died on the way to hospital. The other one is still being treated at Thika District Hospital.

Mr. Speaker, Sir, this is the fifth person to be killed by Del Monte guards after unleashing dogs on those people who go to collect firewood from Del Monte. The first one was a girl aged 10 years in 1980 when I was in college. We are demanding that the Government must stand up and stop Del Monte from taking the law in their own hands because our laws stipulates that, if somebody is caught stealing or trespassing, he or she should be arrested, taken to the police who will then charge him or her before a court of law. The court of law will then convict and not kill him or her. The Government must tell us exactly what happened and what action it is going to take to prevent further killings.

Thank you.

Mr. Speaker: Very well.

NOTICE OF MOTION FOR THE ADJOURNMENT UNDER STANDING ORDER NO.20

RATIONING OF ELECTRICITY SUPPLY

Mr. Mwenje: Mr. Speaker, Sir, I beg to move that the House do now adjourn under Standing Order No.20 to discuss a definite matter of urgent national importance---

(Applause)

Mr. Speaker: Order! You do not know even what it is.

Mr. Mwenje: Namely, the rationing of electricity in this country.

(Several Members stood up in their places)

Mr. Speaker: Order! Follow the rules. Every Member here is supposed to read the Standing Orders. You just do not rise. I have to make a decision whether, first, I consider the matter definite. Secondly, whether it is of national importance. Until I make those decisions, you cannot stand to support anything. So, I will proceed to make the decision as follows: Yes, it is a definite matter of national importance. Do you have support, Mr. Mwenje?

Mr. Mwenje: I have a lot of support, Mr. Speaker, Sir.

(Several Members stood up in their places)

Mr. Speaker: Order! Order! You can all sit down. There is no point of me counting; it is more than 20. It is apparent on the face that the requisite---

An hon. Member: Ministers do not need power. They can use generators!

Mr. Speaker: Order! Order! Some of you may miss this debate. It is clear to the Chair that more than the requisite number required to support the Motion has been attained. Since I have saved a little time, I will be generous; at 5.15 p.m., I will call upon a Minister to move a Motion, for Adjournment to allow Mr. Mwenje to move that Motion, instead of 5.30 p.m.

Very well, next Order!

BILLS

Second Reading

THE TREATY FOR THE ESTABLISHMENT OF THE EAST AFRICAN COMMUNITY BILL

*(The Minister for Tourism, Trade
and Industry on 10.5.2000)*

(Resumption of Debate interrupted on 6.6.2000)

Mr. Speaker: Mr. Biwott, you are replying.

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Speaker, Sir, I would like to thank all the hon. Members who have spoken on this Bill. All contributions have been very constructive; some are more analytical and others were directed at future improvement of the Treaty itself.

But let me, first of all, allay some of the fears which were raised during the debate; that the contents of the Treaty were not discussed in this House. I would like to confirm that, that was done. It was done on 24th November last year, prior to the signing of the Treaty. The intention was to seek the authority of this House for the President to sign the Treaty as drafted. The Treaty which the President signed is identical to the one that we discussed in this House and resolved to approve. Therefore, it is not true to say that the House was not given the opportunity to discuss the matter.

As a matter of fact, hon. Musila, who is the Chairman of the Committee dealing with my Ministry's affairs moved a Motion on the report of their Committee on the Treaty Establishing the East African Community. If you care to look at the HANSARD, you would see that, that matter was deliberated on 24th November, last year.

Mr. Speaker, Sir, there are a few observations which I would like to make. First, it is the question of sovereignty; the authority of this House and the responsibility of this House as the sole legislative body. That is without doubt, the situation as provided for under Section 20 of the Constitution of Kenya. The very fact that we are now debating that Treaty is, indeed, a recognition of that authority.

As the Bill rightly stipulates on the Memorandum of Objects and Reasons, it explains in detail what each section is all about. Therefore, I would comment to the hon. Members on the Memorandum of Objects and Reasons of this Bill. It is very clear why it is being done. The main purpose is to give legal force to the provisions of the Treaty because without this House's approval, none of the sections of the Treaty will have any legal force in this country. We are, therefore, trying to fulfil the provision of that Section of the Constitution, in the process of annexing the Treaty, so that it can become part and parcel of the laws of this country. Other matters that were discussed include the surrendering of some sovereignty by member States to the East African Community (EAC). Indeed, any integration assumes some degree of the surrender of authority. Whenever two, or three, or four, countries agree to merge, or co-operate, they will agree to be bound by certain common rules, which integrate them together. For example, the East Africa States have a common road axle load, which was agreed upon after a long protracted negotiation on harmonisation of the same. Once our rules were harmonised with those of the other partner States, the East African Co-operation came into an agreement as to what the road axle load should be within its member States. Thereafter, it became necessary that, that matter be legislated throughout the EAC.

Another important aspect that was raised is the question of contribution of this country to the EAC Fund; that is, the financial obligation under the Treaty. All treaties the world-over are normally funded through the Consolidated Fund. Therefore, there is no infringement whatsoever of our provisions by the signing of this Treaty. Also raised was the question of the presence of the Common Market for Eastern and Southern African states (COMESA) alongside the EAC. The present status we are giving to one another has been reached following protracted negotiations on

harmonisation.

Mr. Speaker, Sir, there is the problem of asymmetry, which exists in East Africa. Not all countries are at the same development stages. Kenya happens to be a little bit ahead of the other two countries in terms of development due to the stability that has prevailed here and the policies that have been implemented over the years. Because of this, the other two member countries are worried that, perhaps, Kenya will get an initial advantage. So, they wanted to impose a handicap, but that has not been agreed yet. The process of globalisation in the world is moving so fast that by the year 2004, all member countries of the World Trade Organisation (WTO) are expected to have moved into free-trade areas.

For the time being, we have harmonised and reduced our tariffs by 90 percent. Because we could not agree on zero tariff, which we intended to effect as of last year, we decided to subject the process of negotiation on tariffs to a protocol. That is normal; even member countries of the European Union (EU), and other integrations in the world, are still negotiating some of the things to date. Therefore, we have not ignored the interests of this country. There is a saving clause in the Treaty, which provides that all the negotiated tariffs shall not be altered; any movements shall only be for the better and never for the worse.

There was also the question of ease of immigration and the East African Community passport. I would like to confirm that the passports are now available; any Kenyan who wishes to have that passport can obtain it from the Immigration Department. The issue of free movement of persons is among the things that are being negotiated at the moment. However, ultimately, there must be free movement of capital as well as labour among the member countries of the EAC; that is the expected approach.

Mr. Speaker, Sir, the question of breaking up the Community received considerable attention, bearing in mind the fact that we are, actually, trying to revive a Community that was previously in place. Lessons learnt during the defunct EAC have made those involved in drafting the Treaty to be vigilant about any future breakage of the Community. Because of that experience, under Article 145 of the Treaty, it is provided that any State wishing to withdraw from the Community must obtain by resolution, at least, two thirds of the votes of the Members entitled vote in its National Assembly before it can be allowed to do so. Also, such a partner State is expected to give the Secretary-General of the Community a 12-month written notice of its intention to withdraw from the Community. If such a State changes its mind and decides to continue being a member of the Community, it should cancel its notice to withdraw before the expiry of the 12 months. Article 145 further says in Paragraph 2:-

"A partner State wishing to withdraw from the Community shall, during the period of 12 months referred to in paragraph 1 of this Article, continue to be liable to discharge her obligations under the Treaty".

Paragraph 3 of the same Article states as follows:-

"Notwithstanding the effective withdrawal from membership by such a State upon the expiry of the notice, that State shall remain liable to discharge all subsisting obligations and long-term commitments incurred during the membership".

So, that matter has been taken care of.

Also, a matter was raised regarding the membership of the Community. I would like to draw the attention of hon. Members to Article 3 of the Treaty. This particular Article makes it impossible for any State to qualify to be a member of the EAC unless its joining can contribute to further enhancement of the existing Community. The current EAC is a tripartite arrangement; any state wishing to join the EAC will have to meet certain conditions, all of which are specified in Article 3, under "The Membership of the Community", which I would like to read to the House even at the risk of--

Mr. Speaker: Mr. Biwott---(inaudible)

The Minister for Tourism, Trade and Industry (Mr. Biwott): Yes, Mr. Speaker, Sir. All that has been taken care of. So, there is no need to go through it again.

Mr. Speaker, Sir, another issue that was raised was that of harmonisation. Actually, harmonisation requires painful acknowledgement of real problems. It is like in a marriage, where two parties agree to sacrifice some aspects of their individual freedom and sovereignty so as to keep the partnership going. We started a long time by harmonising every provision in every sector so that all the sectors in the East African Community (EAC) are brought into line with one another, so that when they move, they move in the same step. The one which has had more operation has been that of the Budget, but I do agree with the suggestion that it is not only enough to harmonise the Budget. We should also harmonise other things. We should harmonise the universities which are being developed now. We should also harmonise all the laws in order to accelerate the process of integration towards an ultimate federation.

In any integration, there are losers and winners. The losers and winners are only losing or winning temporarily. The idea is that, ultimately, everybody will gain because of the larger market and integration which can attract attention of the outside world, especially, in terms of the market access and the potential for capital investment. Therefore, the provisions at the moment have done as much as possible---

Mr. Speaker, Sir, then there is the question of hon. Members of Parliament. Indeed, that matter was deliberated for a long time and many thought, as the hon. Members have suggested here, that the Members of the East African Legislative Assembly should be elected directly by the people of East Africa. That is possible, but for the time being--- At this embryonic stage, it was decided that the Members be elected by the Electoral College, which in this case is the national Parliament. There was also the question of the number of Members of the East African Legislative Council. There was a suggestion of having nine Members from each state which would total up to 27 Members and then there was another one of having 15 Members from each state which would add up to 45 Members from the three East African countries. Eventually, because of financial constraints the suggestion of having nine Members from each country was adopted in order to create an East African Legislative Assembly of 27 Members. So, I am quite sure that the Members who will be elected by this House will be the representatives of the entire structure of this country, and it will be up to this House to decide the best way of electing the nine Members.

There is the legalistic aspect of the law which hon. Muite raised here, but I would have preferred if he had read from his Bill Sections 188 to 192 in conjunction with the last page, 284, which dwells on "Memorandums of Objects and Reasons". I think those sections explain that. But underlining all this is the idea that we have accepted the creation of the EAC, which will be composed of hon. Members of the Legislative Assembly, one-third of whom will be from Kenya, and that every country will send in representatives who will come through their own national assemblies and take care of their own interests. The objects of this Bill is to give effect to the rules and regulations that are formulated there following the agreement of the three countries on the harmonisation process of their rules, regulations and laws. Therefore, I think that the present Bill is consistent with all the sections of our Constitution and the responsibility of this House.

I would like to touch on the unconstitutionality of the Treaty which hon. Kihoro talked about. By the very fact that the same person who was worried about unconstitutionality deliberated on the document means that he accepted that this is a valid document. By the act of contributing to the debate, he was in effect giving legal force to this draft as is required by this Bill, because this Bill is supposed to give this document a legal force. Without this Bill, this Treaty will have no legal force in this country. So, we are exercising our legal power under Section 20 of the Constitution to incorporate it into our laws.

Mr. Muite: On a point of order, Mr. Speaker, Sir. Is it order for the hon. Minister to mislead this House and to misinterpret the contribution of another hon. Member? Of course, what hon. Kihoro said is that Section 30 of the Kenya Constitution vests in this House the exclusive authority of making laws in Kenya, and this Treaty is giving that Community authority to make laws that will be binding in this Republic without an amendment to Section 30 of our Constitution. Is it in order for the Minister then to continue misleading this House?

Mr. Speaker: Can I just put that to rest? I think there is absolutely no doubt that under the Constitution, only the Parliament of Kenya can make laws for Kenya, and this is attested by the introduction of this Bill to incorporate this Treaty into the Laws of Kenya. In the event that Prof. Anyang'-Nyong'o notices that the East African Assembly has made a law applicable to Kenya that he thinks is unlawful, there will no doubt be avenues to address that. For example there will be the East African Court and the High Court of Kenya that will have power to knock down any law that is inconsistent with the Constitution. So, Mr. Muite is well versed with that and there are always those avenues. So, can we now get back to business?

The Minister for Tourism, Trade and Industry (Mr. Biwott): Thank you very much, Mr. Speaker, Sir, because I was going to say precisely the same thing that, if in fact, we were relying on the EAC to make our laws, we would not have brought this Bill to this House. We have brought this Bill to this House because of that requirement under Section 30 of our Constitution. I think earlier on I misquoted the section as Section 20, and I was wrong. The right Section is 30, and I hope that the HANSARD will also correct that part.

There have been other suggestions which are also very important and quite valid for the effectiveness of the EAC. I think there is no question that all East African countries want to federate. I would like to say that all the East African countries want to be together and have one legal system. I would also like to say that all the East African countries want to have common land tenure, education and live as one people without boundaries. They have demonstrated that through their *panya* routes. Today, the largest business transaction is through the informal sector; and in that informal sector there is no resemblance whatsoever of the rules and regulations of the three states. Communities just cross as if there were no borders. They exchange their own money because they know what each currency is worth; which means that our own people are ahead of us. We are behind them. Mark you, the people who are asked to produce passports and other travel documents are the ones travelling by car. All those who walk across do so freely because they are just individuals and nobody notices them. This means that whatever we have as an impediment today is artificial. It is not related to what our people want. Unfortunately, though, we broke a community which was ahead of any other community in the world in 1977.

The former East African Community Treaty was enacted as a much more advanced document than the one we

have today because at that time we had common services which we do not have today. We had one common currency which we do not have today. We had the East African Educational Board which does not exist today. We had the freedom of movement of persons which we do not have today. We have gone back again to the embryonic stage and we are now rebuilding and rekindling what we have already lost, hence, the reasons why we still have a protocol which is far behind. All the issues raised during this debate have been noted and we will act upon them. It is my intention for the time being when I am the Minister responsible to keep this House informed and ensure that every legislation and procedure that is introduced is brought to this House through the relevant committee. The Attorney-General, the Minister for Foreign Affairs and International Co-operation and I, will not do anything which this House has not been informed of or sanctioned because this House is still sovereign.

There were those who said that the Head of State may not consent to something. Of course, he can refuse because the three partner states are sovereign in themselves. Unless you have the principle of unanimity, it is impossible for any two heads of states to impose their will on another head of state because they have no authority over that head of state. Each head of state is sovereign because he has his own nation. Therefore, the only way you can arrive at perfect harmony is to get the agreement of the three. Until we form a federation - and that time is still a long way away - we do not know when we will achieve that. That is the ultimate objective of the treaty formation.

With those few remarks, I beg to move.

(Question put and agreed to)

(The Bill was read a Second Time and committed to a Committee of the whole House tomorrow)

Second Reading

THE CAPITAL MARKETS AUTHORITY
(AMENDMENT) BILL

(The Assistant Minister for Finance and Planning (Mr. Arap-Kirui) on 9.5.2000)

(Resumption of Debate interrupted on 9.5.2000)

Mr. Speaker: Mr. Arap-Kirui, you were on the Floor, moving?

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Mr. Speaker, Sir, I had already started making a few remarks to move that the Capital Markets Authority (Amendment) Bill, 2000, be read a Second Time when we last adjourned debate on this Bill.

As I stated, this is one of the measures that the Government is introducing in order to modernise our capital market. The Amendment Bill in particular seeks to address the participation of investors in the capital market through collective investment schemes, private placement and fixed income securities which do not presently have operational rules or guidelines. The Amendment Bill also provides for the statutory management of licensed partners.

Mr. Speaker: Order, Mr. Arap-Kirui! I just forgot, before I called upon you or Mr. Biwott to contribute, that I wanted to correct myself. When I gave permission for Mr. Mwenje to move his Motion I incorrectly said: "I will call upon a Minister to move the Motion at 5.15." The correct position is that I will call upon Mr. Mwenje to move the Motion at 5.15 because he already has the authority of the House, and the only time you call a Minister to move a Motion for adjournment is under Standing Order No.17 while this is under Standing Order No.20. I wish that to be corrected so that we are on very firm, safe and procedural grounds.

Thank you. Proceed.

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): Thank you, Mr. Speaker, Sir.

The Amendment Bill also provides for the statutory management of licensed persons and for an appeals tribunal for appeals for or against the decision of the Authority. In this connection the objective of the proposed amendments to the Capital Markets Authority Act is to strengthen the regulatory powers of the Authority, harmonise and refine the regulatory framework in line with emerging challenges and the sophistication of the financial market. Collective investment schemes elsewhere in the world have proved to be important investment vehicles for mobilising savings and facilitating access by small savers to the capital markets and enabling such investors to benefit from the economies of scale and professional management enjoyed by portfolio investors. Unit trusts have been absolved as one of three forms of collective investment schemes and consequently, the Unit Trusts Act, Cap.521 of the Laws of Kenya is

proposed to be repealed.

The other forms of collective investment schemes are mutual funds and investment companies. Consequently, the only operational collective investment scheme in Kenya, the ICDC Investment Company Limited will need re-organisation and there are transitional provisions to enable this company to comply with the legal framework for the operation and regulation of collective investment schemes proposed in the Bill under Clause 22. The amendments also seek to empower the Capital Markets Authority to issue guidelines and regulations on the operations of collective investment schemes. This will enable the Authority to respond swiftly to the needs of this new sector and facilitate its orderly development with minimal risk to investors.

The amendments to the Capital Markets Authority Act further seek to provide for the operation of investment banks as non-deposit taking institutions licensed by the Authority. Investment banks are critical for the development and deepening of the capital markets and will have as their functions among others to advise on the issuance of securities, take-overs, mergers, acquisitions, corporate finance restructuring, privatisation and also the underwriting of public issues of securities.

As part of the measures aimed at strengthening the powers of CMA and to give more protection to market participants against the inside dealings and price manipulation, additional amendment to the inside trading provisions are being proposed in Clause 26 of this Bill. The proposed Incidental Amendments also seek to strengthen the framework of the regulation of any public offering of securities to the general public or to a section of the public. This will enable CMA to issue guidelines of private placement and ensure sufficient information is given for any offering according to the type of the investor who is targeted. The Incidental Amendments further seek to provide statutory management of a person licensed by CMA whose licence is revoked or suspended, in order to protect investor's interests in the interim period. Currently, the Act provides for suspension, cancellation or revocation of a licence, but it is silent on the fate of the transactions that are pending immediately before such action is taken. The Incidental Amendments also seek to provide for the establishment of an appeal tribunal to hear appeals against the decision of CMA in the place of the current provision for such appeals to be referred to the Minister. It also provides CMA with the power to prosecute offenses under the Act, in consultation with the Attorney-General.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, finally, the Bill seeks to provide a six term of office and qualifications of a chairman, board members and the chief executive of CMA. As hon. Members will agree, the country has a major task to catch up with the more developed capital markets operating bigger in economies. However, this must be done if we have to remain competitive as a regional financial centre. This country is seeking to move into the next decade on a high and sustainable economic growth path. To achieve this fiscal objective which is also necessary for poverty alleviation, we need among other things, a very dynamic capital market. The Bill before the House seek to lay the foundation for re-shaping the capital markets' legal and regulatory framework appropriately, in order to support the growth of the market and the economy. It is against this background that I now appeal to hon. Members to consider the Capital Markets Authority (Amendment) Bill and pass it at the earliest opportunity.

With those remarks, Mr. Temporary Deputy Speaker, Sir, I beg to move.

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to second wholeheartedly, this Bill and I support it in its entirety. I will make certain observations; first, this Bill have been very ably and professionally moved by my colleague, hon. Arap-Kirui. He has detailed therein, the reasons and the objectives, indeed, for the amendment to the original Capital Market Authority Act Cap. 485A.

Mr. Temporary Deputy Speaker, Sir, in seconding this Bill, I want to make certain general remarks with regard to our country and the financial services provided in this country. The financial services are available in plenty in the main towns. However, it is my observation that the rural areas of this economy are starved by the lack of the financial services. Even the big banks have closed their branches in the rural areas. Today, some of the big banks, even when you deposit cash in your account, you have to pay a charge. I do not know where we are heading to. A case in point is the Barclays Bank. The other day, we read in the newspapers that even for the cash deposit, you will have to pay. So, it is no longer borrowing that you have to pay a charge for, but also even when you deposit cash in the bank. I think this needs to be looked into seriously. I would urge the Minister in charge to look very much into this aspect. Look into the Central Bank of Kenya Act and regulations therein and see whether this is really good for this country. If small savers will be charged for the depositing cash in the account, where are we leading this economy to? And yet, this Bill attempts

to invigorate the capital markets in our economy and make it more robust when, in fact, certain actions of the individual financial institutions---

Mr. Muite: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Assistant Minister, who is part of the current Government, to ask this House where we are leading this economy to, when he is the one who should tell us where they are leading it to?

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, my constituents are entitled to hear my views as their representative. Kaloleni people want to know from me as their hon. Member, why, when they deposit their Kshs200 in a bank account with the Barclays Bank, it is right for the bank to take 10 per cent of it rather than when they are borrowing. So, I hope my dear colleague here can understand the reason that I am also an hon. Member, although I do hold the principles of the collective responsibility with the rest of my colleagues. We are in Parliament debating a Bill and it must be debated thoroughly and effectively.

I would like to make certain observations because of the liberalisation. The industry players are free to do what they want. But what I am questioning in this House is what they are doing. That is not going against my colleagues or against the principle of collective responsibility.

Mr. Temporary Deputy Speaker, Sir, the rural areas do not have any financial services of any kind in my view. Yes, we have the Kenyan Women Finance Trust and village banking among other institutions, while in this Bill, we are talking of enhancing small savers. I really want to see that small savers are given the impetus to save. I urge CMA to go beyond this Bill and take action towards poverty alleviation and ensure that in the rural areas, the rural poor are provided with adequate financial services. Today, these financial services are offered by NGOs like the Kenya Women Finance Trust, Kenya Rural Enterprise Programme (K-REP) Enterprise and Jonathan Campaign, among other small NGOs.

Mr. Temporary Deputy Speaker, Sir, I want to see a robust, enhanced and invigorated capital markets which will operate not just in the urban towns, but also in the rural areas, and I challenge the banking community and all the financial institutions, including the Capital Markets Authority (CMA), to make sure that these services are extended to the members of the co-operative societies who will sell their shares. Presently, there is no mechanism for cooperative members to sell their shares in the secondary, or third market, except through another co-operator. These are the kind of things that I am talking about.

In other words, for us to industrialise in the year 2020, we need to do much more than just to go through this Bill. However, we must make a start, and I agree with the Mover that this is a good start, and that is why I support this Bill. This Bill is a follow-up of the previous one which we passed; the Central Depositories System Bill, which dealt with the infrastructure, instruments, the shares, *et cetera*. It also included the rules and regulations that dealt with the registration of the shares. This present Bill deals with the participation of the investors themselves; that is, the instrument which will be given to the investors, while the previous Bill dealt with the instruments. This Bill touches on the collective investment and the private investment as well as the fixed income securities. We are dealing with unit trust and investment trust, and it will be a regulatory mechanism not only for the two, but also for the collective investment players in the financial markets. This is a good start, and this Bill should, therefore, be supported by everybody. It empowers the Capital Markets Authority, as a regulatory body, to jump onto a situation should it arise, and to take definitive action in order to ensure that the market is enhanced and invigorated.

Mr. Temporary Deputy Speaker, Sir, there is an issue in the Bill regarding the regulatory aspect. For example, the Capital Markets Tribunal will deal with insider dealings, and with regard to that, I would urge the CMA to be even more vigilant. For example, about eight brokers out of 20 are always the lead brokers, and any opportunity does not go to any of the other new brokers, but goes to them. Here we are talking about insider dealings. Those are the brokers whose members sit in the Stock Exchange, where the prices are fixed, and I would like the CMA to be more vigilant in the issue of fixing the prices of shares because sometimes I wonder whether there are no insider dealings in those cases.

I would also like the CMA, together with the Nairobi Stock Exchange, to be even more vigilant and to see to it that all the 20 stockbrokers get an opportunity to be lead brokers. Why should the same five or six brokers be given an opportunity all the time? If the rest of the brokers are given an opportunity, it would enhance capacity building as well. We want to enhance---

Mr. Kariuki: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order for the Assistant Minister to keep pointing at the six brokers that he mentioned when he knows very well that the six companies they deal with belong to the Ministers on the other side of the Chamber?

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Therefore, he is indirectly attacking his own colleagues.

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, that is not my problem; the problem is: Why should we have the same brokers being appointed

always? There is the Nairobi Stock Exchange which does not belong to the Ministers, and I was not aware that the six or seven lead brokers that I am talking about deal with companies that belong to the Cabinet Ministers. In fact, one of the six companies happens to belong to Mr. Kariuki.

Mr. Kariuki: On a point of order, Mr. Temporary Deputy Speaker, Sir. Could the Assistant Minister declare his interest because he is one of those who own one of the six companies?

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, it is not a secret matter that I am an advisor to one of them, but I do not have shares in it. As a financial expert, I am an advisor not only to one, but to two; maybe, even to three, if he cares to know more about it.

Let me now go to the Bill because we are debating it. I started off by observing that we have weak financial services in the rural areas. I am also saying that the CMA should become even stronger in its regulatory exercise of the powers that this Parliament has given to it in order to ensure that there is fair play. Let me, therefore, now go to the Bill and make a few observations in my support and secondment of the Bill, which I think has been well done. As I said, my colleague, the Assistant Minister, has professionally and capably moved the Bill. We have the definition of the "Investment Advisor" on page 90, and I have looked at this Bill and even in the old Bill to see its proper definition, and I am baffled to note under it, the Bill has specifically excluded certain categories of people like the advocates and accountants, and I happen to be an accountant myself. So I have vested interests, and I know much about investment advice, and I would like the Minister for Finance to take a closer look at this clause again. Maybe, I have misinterpreted it, but I would like his assurance that, in fact, he does not intend to exclude other interested parties, particularly the qualified and certified public accountants in practice, or within the industry, as investment advisors.

Mr. Temporary Deputy Speaker, Sir, perhaps, first, the definition of an Investment Advisor needs to be more explicit. In this context, I would like to point out something on page 105 of the Bill, and this has to do with the powers of the CMA. It reads as follows:-

"To appoint an auditor to carry out a specific audit of the financial operations of any collective investment scheme, or public company the securities of which are traded on approved securities exchange if such action is deemed to be in the interest of the investors, at the expense of such collective investment scheme or company."

Is this auditor over and above the statutory auditor or will the Authority, in fact, appoint the statutory auditor? I just want amplification on this. This is because in my view, one qualified auditor should suffice to deal with what is required to be done by the auditor under this section.

Mr. Temporary Deputy Speaker, Sir, the other item that I have is the Memorandum of Objects and Reasons. I want to commend those who have prepared this Bill. This is because the Memorandum of Objects and Reasons has clearly spelt out why, in fact, we have this amendment and it is very explicit indeed in so far as the clauses that are being amended with regard to the Capital Markets Authority Cap 485 (A) are concerned. I would also want to commend the Bill for establishing the Investor Compensation Fund. That is on page 158. It is not a criticism; it is a commendation. I think this is good thinking and I certainly welcome the establishment of the Investor Compensation Fund which will go very far in ensuring that investors have not been cheated. The amounts have not obviously been stated here, but I hope that in the regulations that govern the operations of the Bill or when it becomes an Act, those regulations will spell out the kind of monies that will go for compensation. This is because we have, for example, the Depositor Protection Fund which has only a maximum of up to Kshs100,000 and this really is peanuts in today's operations. I hope that when the regulations have been prepared and come into effect, the amounts so stipulated to be covered under the Investor Protection Fund will be substantive enough to be able to compensate any aggrieved investor.

Mr. Temporary Deputy Speaker, Sir, otherwise, I think this Bill is well prepared. I am wholly supportive of it. I think it will go a long way in making sure that we in Kenya as an emerging financial market, have the necessary regulatory framework and environment which will ensure or help mobilise funds for investment in this country and which investment will help us industrialise, hopefully, by the year 2020.

With these remarks, I beg to second.

(Question proposed)

Mr. Muite: Mr. Temporary Deputy Speaker, Sir, I would like to support this Bill. The spirit is obviously in keeping with the direction that we would like to see the economy of this country taking. So, when I say that I am supporting the Bill, I support it in the hope that what we are doing now is putting the institutional structures in place so that one day when this economy turns round, we can be able to take advantage of these institutions. I am not so certain that the way the economy is, we are going to fully utilise the institutions that we are trying to create in enacting this Bill. However, of course, it is good to be prepared and to have this institutional sort of law in place so that when we are able to revive this economy then, at least, the legal provisions are there in place.

Mr. Temporary Deputy Speaker, Sir, I have got one remark that I would like to make. The Capital Markets Authority is a regulatory body and it will only be as effective and as efficient as the individuals who will be appointed to head it. From what I hear on the market, there is a lot of regard for the current person who is heading that Authority. Therefore, my remarks are not directed at the current holder of this office. However, I do want to say that we pass many laws and establish many organisations and institutions. They do not turn out to be effective or efficient in terms of implementing the objectives of the law because of the quality of the individuals who are quite often appointed to head those institutions. We have got to be very careful. We have really got to regard merit and merit alone as the criteria for appointing people to head important institutions like this one.

Mr. Temporary Deputy Speaker, Sir, I am taking this opportunity to ask the Government, through you, to seriously consider that time has come when we need really to amend the law and to make it obligatory. This is because if we leave this power in one individual to appoint people to head these institutions, that is how we end up with individuals being appointed on considerations other than suitability, ability and merit. So, can the Government agree to bring a Bill here to amend the law so as to require, for example, that the names of those who are going to head important institutions be subjected to Parliamentary approval. This is because if that is done and the name of a person who knows that he or she has "got skeletons in the cupboard"; and that there are matters which he or she would not want debated about them, they would actually ask that their names be withdrawn. We will therefore end up with a situation that by-and-by only people of merit; that is suitable people will then be appointed to head institutions. This is because an institution is only as effective and able as those who are heading it.

With those few remarks, I do beg to support.

Mr. Mkalla: Mr. Temporary Deputy Speaker, Sir, thank you for giving me the opportunity to contribute to this Bill. On behalf of the Members of the Departmental Committee on Finance, Planning and Trade, and in pursuance of the provisions of Standing Order No.101 (3), I wish to present to the House the important recommendations of the Committee on the Capital Markets Authority (Amendment) Bill, 2000.

Mr. Temporary Deputy Speaker, Sir, the Capital Markets Authority (Amendment) Bill, 2000 seeks to amend the Capital Markets Authority Act Cap 485 (A), Laws of Kenya, in order to harmonise and refine the existing regulatory framework, to incorporate the changes in the market, development and meet the emerging and regulatory challenges. The Bill received its First Reading on April 13th, 2000 and was referred to our Committee on the same day. It took the Committee three sittings to deliberate on the Bill. During the second and the third sitting, the Committee had the opportunity to discuss the Bill with the Finance Minister and the Capital Markets Authority personnel in Nairobi Stock Exchange and the Attorney-General's Chambers.

Mr. Temporary Deputy Speaker, Sir, we went through the details of that particular Bill and we made certain recommendations some of which were as follows and which were also incorporated by the Minister. We did say that the chairman and every member appointed shall be persons who have the experience and expertise in legal, financial, banking, accounting, economics or insurance matters. We also stated that the Chief Executive of the Authority should be a person who should not have less than 10 years experience at senior management level with expertise in money markets, capital markets or financial services. The Minister, in consultation with the Board of the Capital Markets Authority (CMA), shall recommend to the President a qualified person to be appointed as the Chief Executive and shall determine the remuneration.

Mr. Temporary Deputy Speaker, Sir, we also said that the Chief Executive shall be appointed by the President and shall hold office for a period of four years and shall be eligible for appointment for a further term of four years. No Chief Executive shall serve for more than two terms. As a result of the introduction of the electronic commands, this will allow the execution of security transactions without the need for parties to the transactions to be physically present at the same location. The CMA will grant a licence to any person to operate as a stockbroker, dealer or an investment advisor, investment banks and will ensure a proper conduct of that business.

The CMA will also trace any asset, including bank accounts, of any person, who on investigation by the Authority is found to have engaged in any fraudulent dealings on securities or insider the trading. The CMA will call the names of all licensed persons whose licences have been revoked to be published in the *Kenya Gazette*. This must be done within 30 days of the revocation of the licence. We also said that those who will be found to be doing fraudulent actions will be liable to imprisonment for not less than five years. In the original Bill, there is a question also of corporations being imprisoned for five years, but we said that there is no way you can imprison corporations because they are not human beings and you cannot put them in the cells. So, we removed that particular recommendation which had been initially made.

The statutory managers shall every month furnish the Authority and all the interested parties with a report of its activities during the month. We also recommended that the secretary to that particular board of the CMA shall be an advocate of not less than five years experience in commercial law. We also agreed with the proposals by the Minister that there should be a Capital Markets Tribunal. We also agreed that all the expenses of the Capital Markets Tribunal

will be charged to the general fund of the Authority. The provisions of the State Corporations Act shall not apply to this Authority. I wish to commend the Report to the House and hope that hon. Members will find it of use in their deliberations on the Capital Markets Authority (Amendment) Bill, 2000.

Last but not least, I would like to sincerely thank hon. Members of the Committee, and the staff of the National Assembly, for their co-operation and dedication in pursuing the objectives for which the Committee was established. I feel indebted to their invaluable contributions and commitment which has ensured the timely production of this Report.

Mr. Temporary Deputy Speaker, Sir, I beg to support.

Mr. Kariuki: Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to comment and support this Bill.

It is true that this Bill is long overdue in the sense that the market has been developing at a very fast rate, and has not been in tandem with developments of capital markets in other countries. So, it is important that the Bill is passed so as to facilitate the CMA to carry out its responsibilities in overseeing the operations of the market in this country. It is also important to note that although the business community would have to have an overseer, it is important in the long run, to ensure that a self-regulatory mechanism, in the nature of the Nairobi Stock or the Association of Stockbrokers, is given more powers so that the Government does not strangle the market through over regulation. So by and by, it is our hope that the CMA will pass as much of its responsibility to these other self-regulatory bodies so as to facilitate the market to operate without excess regulations and legislation.

Having said that, I would like to look at the various clauses in the Bill and, maybe comment on a few of them. I must say that the Bill is certainly very comprehensive. It covers most of the grounds that should be covered, but I think it could also be helpful if some of the areas could be looked at. Starting from page 90 which has talked about investment advisors, sub-clause 3, has talked about certain discretionary powers to prescribe the limits of the portfolio. These limits will be prescribed by the Authority. I have hitherto talked about the element of misuse of discretionary powers. Wherever in the Bill we are talking about the fees structure being determined by the Authority or regulations being made by the Authority, it is important for these discretionary powers to be subjected to certain other authorities so as to avoid misuse. As my colleague, hon. Muite, mentioned, we have a lot of faith and confidence in the current Chief Executive of the Authority, Mr. Paul Melly, but there may not be the same Mr. Melly tomorrow. We should, therefore, put in place a mechanism to ensure that wherever there are these discretionary powers, there is another body to oversee the exercise of the discretion so that there is fair play in putting in place any of these rules, regulations and fees. So, I would propose that wherever those matters are involved, they should be subjected to approval of the relevant Parliamentary Standing Committee. In this case, it would be the Committee on Finance and Planning. The Committee should look at the proposals being made by the Authority for approval. That will help to ensure that there are no excesses in terms of the fees that will be prescribed.

The other area that may need to be looked at is relating to Clause 12, sub-clause 1 on page 106. Once again, here we are talking about the Authority formulating rules, regulations and guidelines and I think it falls under the same ambit. It should be overseen by the Parliamentary Committee on Finance and Planning. On page 109, Clause 14, paragraph b(vi), the Bill states:

"All fees that shall be charged by the securities exchange shall be subject to prior approval".

I think that here, there should be a certain period within which this approval has to be granted. I would propose that a period of not more than 30 days be inserted, so that the Authority does not take excessively long time to grant approvals. As it is at the moment, there is no time limit. So, the Authority may take a year, two or three years looking at an application. This would injure the operations of the market. So, there should be a time limit indicating within what period the Authority can grant approval or reject an application made by the market operators.

Mr. Temporary Deputy Speaker, Sir, Clause 21, sub-clause 1(b) states:

"In case of a broker, dealer or other person prescribed by the Authority, the applicant has lodged security in the time as may be determined by the Authority---".

Although there has been this issue of having a prescribed guarantee or security, I think formalities should be made with the Capital Markets Authority (CMA) to ensure that, the Authority does not unduly hold guarantees that are not relevant, in the sense that at one time, we are talking about a statutory manager. We are also saying that there is a surveillance department which is also surveilled by the same regulating bodies like the Stock Exchange. I know that currently, there is a guarantee of Kshs1.5 million that is launched with the Stock Exchange for the purposes of assurance that the market operators have adequate capital. But that requirement, on top of the capital requirements of Kshs5 million, is excessive. I would propose that the element of guarantees be looked again, to ensure that if only there is even a small indication by the banks that should the worst come to the worst, they would fall in and bail a company up to a given limit that would be good enough. But currently, what is happening is that stockbrokers, for instance, are putting cash deposits with banks in order to be able to get a guarantee from the banks, which is required by the Stock Exchange. In this case, therefore, you not only have the minimum capital requirement, but also the other sum being

kept aside, which is not utilised. Maybe, a modality should be put in place in conjunction with the Stock Exchange, to ensure that those terms are not excessive.

On the sufficient tool on the same clause, Sub-Section (iii), a stockbroker or dealer whose licence is not renewed under Section 25, or whose licence has been revoked under Section 35 shall, forthwith, cease to be a member of the Stock Exchange. I am not sure that you are giving the broker or dealer adequate time within which to hand over or resolve whatever problems he or she has, or to formally pass over his liabilities or assets to somebody else. Other than revoking a licence without adequate notice, I think there should be a provision for notice of a given duration of time before an instant revocation of a licence. The modalities should be such as to ensure that, there is adequate transition period of handing-over or even closing down a company. This is because some of the institutions have been running for many years. Nobody can just close a business overnight. Therefore, it will be in the interest of the customers themselves and colleagues in the industry to ensure that a broker or dealer does not just close overnight, without certain modalities being put in place to ensure proper handing over of whatever liabilities or assets he or she may have.

Section 23 on page 119, Sub-Section (i)(a) reads:-

"The Authority may authorise transfer of a listed security outside the Stock Exchange, if the Authority is satisfied:-

(i) That the transaction is of a private nature as prescribed by the Authority."

This is where we are talking about the misuse. If I have a block of one million shares and would like to avoid the element of commission, I can go to the CMA and get an exemption. Such are the discretionary powers that we are saying are dangerous and can easily be misused. I strongly object to this type of clause because it gives room to manipulation, foul play, bribery, corruption and whatever! I think unless a private transaction is so justifiable that even-- There should be a provision there that, this type of exemption should be done in conjunction with the Stock Exchange, so that the Stock Exchange can be part and parcel to the exemption, have no complaints from the other market players saying that, there was no fair play; or so and so were favoured and given an exemption to go round the normal procedures set in ensuring that, all deals go through the Stock Market. My friend hon. Keah talked of having an interest in the stock exchange, but this is an area he would have depicted, knowing very well that there will be avoidance of very huge commissions, which he may be entitled to. That, therefore, should be re-phrased to ensure that there is consultation between the Authority and the market players and, more precisely, the stockbrokers and dealers.

Page 120, Section 25, Sub-Section (b), talks about communicating any unpublished price-sensitive information to any person. Now, normally, in other stock markets, what happens is that such communications are done simultaneously when the Board of Directors approves any measures or decisions that have a material bearing on the price of a security. What should happen here is that the price-sensitive information should be communicated immediately a Board resolution is made. This is because the longer it takes to withhold such information, the more people can take advantage of that information and insider trading then arises. So, it is important, therefore, to put in there somewhere, an element of simultaneous publication of price-sensitive information by the Board of Directors of listed companies.

Page 128, Section 30 (c)(a), talks about a tribunal and giving an erroneous party an opportunity to be heard. I think this is very good. But what worries me is the foreign section that talks about a statutory manager. Realising the misuse there has been with statutory managers, particularly in the banking sector whereby collapsing banks have been subjected to statutory managers; who have misused their positions by selling off assets at throw-away prices, we need to be careful. They sell the assets at prices well below the market price and, thereby, making whoever was the owner or owners of the institution to lose colossal amounts of money. Although we are talking about a competent statutory manager, I think we should prescribe what we mean by "competent." Is he or she a person who has operated in a given industry and has relevant experience of more than ten or twenty years? The terms should be very clear so that we can be transparent and know who the statutory manager is. This is very important. Qualifications of a statutory manager should be prescribed by not using a word like "competence." This is because anybody can allege himself to be competent while he is totally incompetent! What is the gauge for determining whether a person is competent or not? I think that clause should be looked at again and amplified a little bit to make it more transparent.

Then, moving on to page 141, Clause No.36 reads:-

"The Minister may, in consultation with the Authority---"

I think we should add somewhere there that:-

"The Minister, in consultation with the Parliamentary Standing Committee on Finance, Planning and Trade, make regulations in respect of sourcing of funds, fees and participation of foreign investors in the stock market."

I think there should be a question of consultation with the Parliamentary Select Committee. So, having said that, it looks like the Bill itself is certainly very comprehensive and good. We have very little in terms of complaints except

general remarks. First, when licensing whoever would like to operate in the capital markets, we should try as much as possible to avoid foreign ownership, and minimise this as much as possible so that, local entrepreneurs can be given an opportunity to trade in the said markets.

Mr. Temporary Deputy Speaker, Sir, there has been an open policy approach, whereby anybody, so long as he has money, can come into Kenya and invest. I think that is a stupid method and it should be avoided. We should give the local people an opportunity to invest in this country so that they can partake in the national cake.

An hon. Member: You used an unparliamentary word!

Mr. Kariuki: I am very sorry, Mr. Temporary Deputy Speaker, Sir, if I used an unparliamentary word. I do not know which one, but whatever I meant, I used so many words and I do not know which one was unparliamentary. Whatever it is, I beg to apologize.

Mr. Temporary Deputy Speaker, Sir, I was saying that---

The Temporary Deputy Speaker (Mr. Poghiso): Mr. Kariuki, I think it is good to be specific. You know exactly which word you used!

Mr. Kariuki: Okay, Mr. Temporary Deputy Speaker, Sir. I was saying that it is not so stupid; it is certainly unwitty, unwelcome, unpalatable and disgraceful, an act of disregard to the local people in investment and entrepreneurship

There are certain companies that have been listed in the stock markets of late; companies like African Tours and Hotels, East African Bag and Cordage, Kenya Finance Corporation and others. Since the capital markets should not just sit and wait for these companies to go under--- For instance, the case of African Tours and Hotels; this was a Corporation owned by Kenya Tourist Development Authority (KTDA). All along, for about six years or so, they had not issued their accounts. Their accounts were not audited and there was hue and cry from investors seeking for accounts to be presented. I am sorry to say that, action was not taken early enough by Capital Markets Authority (CMA) to arrest the situation.

It is important that whenever a company is limping, CMA moves in early enough to be able to absorb the shock that would arise, if at all it went under. The same was the same with the East African Bag and Cordage. But in the case of Kenya Finance Corporation, there has been an element of foul play by the Central Bank of Kenya, whereby, although other indigenous or rather locally-owned commercial banks had been allowed to revive this company, it was intentionally put under the control statutory management by the Central Bank of Kenya. There are allegations to the effect that the directors even wanted to have arrangements made to revive this company and they were thwarted all together. This is bad, realising that, about 5,000 or more shareholders who lost their money in Kenya Finance Corporation--- To aggravate the situation, the assets of Kenya Finance Corporation---

The Assistant Minister for Information, Transport and Communications (Mr. Keah): On a point of order, Mr. Temporary Deputy Speaker, Sir. I know that a lot of people lost a lot of money in the Kenya Finance Corporation, but is it in order for the hon. Member to insinuate that the Kenya Finance Corporation was deliberately put under statutory management when it was not necessary? The company did not have the liquidity that it was supposed to have. Is the hon. Member in order to mislead the public by insinuating that it was done deliberately?

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, I could repeat that 1,000 times because I know for sure that this institution was put under receivership and under statutory management by the Central Bank of Kenya because of its ownership. I have no apologies to make, whatsoever, because it is very painful. I am also a shareholder in that same company and it pains me as much as it pains my colleague, hon. Keah,. When there is selective treatment of certain companies in this country; when certain institutions are owned by certain sections of the community--- This is unpalatable and unacceptable. I think this Government stands accused---

The Assistant Minister for Information, Transport and Communications (Mr. Keah): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to say that those institutions were deliberately placed under statutory management, when we all know that, it was the directors and some of the shareholder who plundered that bank? The directors actually borrowed excessively and that is why it was put under statutory management. It was not put under statutory management deliberately. I lost money in that company too and I am pained by the fact that, some of the directors and some the shareholders plundered the corporation!

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, is the Assistant Minister not treading on a ground he knows to be very slippery when he knows that companies like Transnational Bank which behaved in a similar manner have not been put under receivership? It is unfair for this Government to use double standards when charging institutions whereby some are treated fairly and others very unfairly because of ownership. It is very unacceptable!

The Assistant Minister for Finance and Planning (Mr. Arap-Kirui): On a point of order, Mr. Temporary Deputy Speaker, Sir. I do not wish to interrupt my good colleague, but how relevant is he in his presentation? We are talking about the amendment to the Capital Markets Authority Bill. Any other bank or anything else being in financial

problems, is not very relevant to this discussion.

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, we are talking about developing capital markets and shareholders interests. How can we be developing capital markets on the one hand while on the other hand we are letting institutions which are quoted on the Stock Exchange go under, thereby making investors lose money while the Government does not salvage the situation? This is totally unacceptable.

Mr. Temporary Deputy Speaker, Sir, I am a director of the National Bank of Kenya. If you can allow National Bank of Kenya, which is insolvent, to continue trading, while you leave out Kenya Finance Corporation to die, then these are double standards. There is no justification whatsoever to force me to sit or even withdraw whatever I have said because I am talking with authority about an area I know, and I know it very well. What I am challenging is the prudence of the Government in allowing some of these institutions to go under, while they could be allowed to trade and maybe, bail themselves out of the current problems they are in.

Mr. Temporary Deputy Speaker, Sir, in the case of Kenya Finance Corporation, when we have Indian companies, like Trust Bank or Bullion Bank, Guilders Bank, which went under and were put under statutory management and the Mongolians were given a chance to sit together with the Central Bank and negotiate terms of revival, when KFC could not be allowed--- This is totally unacceptable! Why should we allow double standards?

The Assistant Minister for Information, Transport and Communications (Mr. Keah): On a point of order, Mr. Temporary Deputy Speaker, Sir. I was one of the people who, in fact, lost a lot of money. My NGO lost Kshs10 million in Kenya Finance Bank, having been plundered by some of the directors and shareholders because of excessive borrowing and they could not repay. How could they expect the Government to come and bail them out? Is the hon. Member in order to continue misleading the Kenyan public when he knows very well that some of the directors and the shareholders deliberately borrowed excessively and plundered that bank?

The Temporary Deputy Speaker (Mr. Poghisio): Order, Order now! You have reduced this into an argument between the two of you, about what you know and what he knows. I think you had better proceed with the Motion.

Mr. Kariuki: Thank you very much for your protection, Mr. Temporary Deputy Speaker, Sir. I would like to move on because it appears as though my colleague is getting heated up for reasons I do not know. Maybe, he was one of those who looted that bank.

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order, Mr. Kariuki!

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, could the hon. Member substantiate or withdraw? I just said that my NGO lost Kshs10 million because they plundered the bank. Now he is making insinuations. Could he substantiate that I was one of those who looted the bank or else he brings in a proper---

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Keah! I think this is simply his opinion. I think I was going more for the language that he used, rather than whether or not he should withdraw.

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, I said, "maybe," which is supposition. I did not mean that he is a looter. He is a very good friend of mine and I know he is a man of high integrity, well respected in the accounting world. I have no reason at all to doubt his credibility and integrity. Maybe, I was taking my evaluation too far by assuming that he may be one of those who may have been implicated in ruining some of these banks. If he is not, then I am sorry, and I apologize. I do not want to hurt his feelings.

Having said that, I quite agree with hon. member on the issue of market manipulation. It is true that there could be total ruin of the market, particularly, if Capital Markets Authority or Nairobi Stock Exchange, did not oversee the operations of all the players in the market, to ensure that there is no manipulation. Any stock market relies very much on the confidence of the investors and any time that confidence erodes, it gives rise to a lot of concern among the investors.

*[The Temporary Deputy Speaker
(Mr. Poghisio) left the Chair]*

[Mr. Deputy Speaker took the Chair]

I think it is important that the capital markets make provisions to ensure that any element of manipulation is stamped out by any of the market players, so as to give the investors confidence in investing in a big way in this market. Otherwise, if they do not get the support they need, then this could ruin the stock market altogether.

Mr. Deputy Speaker, Sir, it is also important that the Capital Markets Authority (CMA) relinquishes its responsibility to approve of any new issues coming on the market, and passes that responsibility on to the market players. I have said that before and I would like to repeat it here, that the approval or stamping of an issue by the CMA places them in a very precarious position. It gives the investors an illusion that they have authenticated the contents of a prospectus and have approved the pricing and so on, whereas they may not be in a position to do all that. This has been

proven by cases of companies like Kenya Airways, Athi River Mining, Tourist Promotion Services and Rea Vipingo where approvals were granted by the CMA. Currently, shareholders are complaining because of downturn of prices. That responsibility should be passed on from them to the market players, so that they do not stand accused. This is a Government arm that is supposed to oversee them, but it is not supposed to be an endorser of perfection in pricing and consent of whatever package there is being made by a company that wants to seek for listing.

Mr. Deputy Speaker, Sir, the other observation is something that I thought they would also include in this Bill; a provision giving the Capital Markets Authority power to reverse certain transactions that could give rise to market players losing money. I have talked to the CMA on this, but they seem not to be acting fast enough whereby, for instance, brokers register ownership of new buyers of shares in the market. Maybe, they register those shares before payment is made by the purchaser. Therefore, the purchaser is put as the new owner whereas he has not been paid for those shares. There is no way you can reverse that transaction because the purchaser has not paid, he cannot sign a transfer and yet, he starts enjoying dividends and bonuses accruing on that account. That is not acceptable. A debtor cannot continue to enjoy the rights of something he has not paid for. I think there should be a provision to allow the Capital Markets Authority to reverse certain transactions which are not acceptable. I think that provision ought to be made and empower the CMA to reverse transactions which could be either fraudulent or being made without proper procedures being followed, to ensure that the purchaser is the rightful owner. I guess he is not the rightful owner until full consideration is paid. So, that is something that they should look at and maybe, insert it somewhere to empower the CMA to arrest situations that people are complaining about.

Mr. Deputy Speaker, Sir, I did mention the other day and I think I will be bringing a Motion in Parliament, about the aspects where listed companies are enjoying what is not rightfully theirs. Listed companies may withhold dividends for people who may have died 20 to 30 years ago; some colonialists who left this country maybe 60 years ago and these are still in the books of East African Breweries, Brooke Bond and so on. That money or dividends which are not claimed for are within the companies which are enjoying them, including shares which are not rightfully owned by the company. So, those funds should be released to, maybe, a trustee and I am going to bring a proposal here, maybe, this money should be used for managing street children and other institutions so that it benefits the general public.

The other area is, of course, the same principle being applied in banks, whereby they have got deposits and interests accruing for people who died many years ago. Because nobody raises a finger, the banks take advantage of that and there are millions and millions of shillings. I think there could be over Kshs100 million or Kshs500 million tied up in those types of suspense accounts. The Ministry of Finance should look into this and maybe not allow those companies to continue enjoying those benefits which are not theirs and pass them on to the Kenyans who need the funds much more than those rich companies.

With those few remarks, I beg to support.

The Assistant Minister for Tourism, Trade and Industry (Mr. Ekirapa): Thank you, Mr. Deputy Speaker, Sir, for allowing me to make a few remarks on this very important Bill. Let me, first of all, congratulate the development that has taken place in the Nairobi Stock Exchange (NSE) because a few years ago, it was a collection of a few traders. I think in the last few years, we have seen tremendous development which is very good for the future economy of this country. Another development that has taken place in the NSE is the ability of that organisation to expand and have some connection in the regional market and also, beyond the East African market. I hope that in future, the NSE will be encouraged to introduce some relationship that enables Kenyan investors to invest in other markets in the region.

Mr. Deputy Speaker, Sir, I have a few comments I want to make which I think are of concern to future investors in the NSE. The listing of public companies, the law ought to look into how the companies are listed---

(Loud consultations)

Mr. Deputy Speaker: Order! Order!

The Assistant Minister for Tourism, Trade and Industry (Mr. Ekirapa): Mr. Deputy Speaker, Sir, can I be allowed to make some contribution? The first point I want to make is that the Capital Markets Authority (CMA) should be very careful about companies that go public. We have known in the past, of companies that manipulate their accounts in order to get listed in the NSE, whereas, in fact, what they want to do is to get the public to buy some shares of companies that are not really solid in their balance sheets. I hope that the CMA will ensure that the companies that are seeking listing in the NSE are very carefully scrutinised to make sure that they qualify and that they have not simply manipulated their balance sheets in order to get out of a situation that they themselves would not have been able to manage. In other words, they are trying to swindle the public.

Mr. Deputy Speaker, Sir, the second point that I am concerned about is the question of public parastatals that we are considering selling through the NSE. I would like to make the point that those parastatal companies are public

assets held in trust by the Government. There should be some consideration before they go to the stock exchange; how the original stockholders, who were the public in whose trust the Government is holding those stocks, should be assured that they do not just pass on to some strangers, or people who have come here to buy shares, so that they can own an asset that has taken very many years to develop. I would like to ask the Minister to ensure that those public assets are not released to the Nairobi Stock Exchange (NSE) for foreigners to buy them without very careful considerations, to ensure that the original owners, who are the public of this country, have benefitted. Alternatively, the Minister should ensure that those assets are sold at a price that will enable the public to make a good investment out of it; the public should not lose their assets to spectators who are here simply to buy those assets in order to off-load them later.

Mr. Deputy Speaker, Sir, we recently passed the Central Depository Bill. When the NSE grows, there will be a lot of assets, which is really money that is held in shares. I would like to seek an assurance that the Central Depository System (CDS) does not get manipulated. It is very easy to manipulate, electronically, the CDS; we have had of some people who have tried to transfer other people's money from one bank account to another. A similar thing can happen with the CDS. So much of people's money will be held within the CDS. I hope that the Capital Markets Authority will ensure that those who will be in charge of the CDS will have a system of ensuring that outsiders will not have access to the CDS to transfer shares from one person to another, or sell them before the owners get to know that something has happened to their capital. It is very important that we develop the trust in this particular system, which we are establishing.

I would like to make another point about licensing. I know that the Bill covers adequately, the step that is supposed to be taken before somebody is licensed. However, the Bill does not contain any clause which sets out the minimum qualifications for one to be licensed, so as to avoid favouritism in licensing. In the past, it was very difficult for some people to acquire licences to operate at the NSE in the past, while others got such licences very easily. It is, therefore, very important that this particular concern is addressed.

I have dealt with a few points which arise from the provisions of the Bill. I talked about the issue of avoiding favouritism and the qualifications of those to be licensed. The question of collective investment schemes is contained on page 96 of the printed Bill; these include investment companies. I hope that the qualifications for those to apply will be clarified and tightened up. The question of insider traders and trading, which is contained on page 96, must also be addressed; it is quite easy for people to get information on prices and make a kill out of other people's money at the stock exchange. So, the question of insider traders---

Mr. Deputy Speaker: Order! Order, hon. Members! Hon. Ekirapa, you still have 20 minutes, which you can utilise tomorrow afternoon if you so wish.

Hon. Members, the Speaker did concede to hon. Mwenje's request for a Motion of Adjournment to discuss a matter of definite national importance. I will now, therefore, yield the Floor to hon. Mwenje.

MOTION FOR THE ADJOURNMENT UNDER STANDING ORDER NO. 20

RATIONING OF ELECTRICITY SUPPLY

Mr. Mwenje: Mr. Deputy Speaker, Sir, I beg to move:-

THAT, this House do adjourn to discuss a definite matter of urgent national importance.

I am moving this Motion so that we can discuss the crisis being faced in this country - the grave situation where almost the entire country is coming to a standstill due to insufficient supply of electricity, especially in areas of the economy where electricity supply is essential.

Everybody knows how essential electricity is in any part of the world; we can hardly operate without electricity. It is unfortunate that power has to be rationed in Kenya; I have not heard of any country in Africa which is today rationing electricity. The situation has now been aggravated; it has become very serious especially, if I may refer to the capital city, within which I have been elected to this House. I now find it almost impossible to move from my house to the city; literally, everywhere a long the road, I find young men just sitting, doing nothing, because the *Jua Kali* sector is now completely closed down.

Mr. Deputy Speaker, Sir, the people who were previously working in that sector have now been sacked. Those people have to eat during the day and in the evening, yet they now do nothing just because we do not have electricity. We have been given many reasons for the shortfall in the supply of electricity. So, I thought that moving such a Motion would give hon. Members an opportunity to express their feelings and those of their constituents regarding this matter. It appears as if the KPLC meets and discusses this matter with businessmen within the city only. However, the management of the KPLC should hear what hon. Members of this House, who come from literally all over the country, have to say about this issue. The Minister for Energy is here, but I wish officers from the KPLC were also here to hear

for themselves what hon. Members have to say about power rationing.

This country is now in a crisis regarding electricity. Unfortunately, the crisis being faced by this country is not just that arising from insufficient power supply, but also extends to insufficient water supply. This is because, some of the supplies of water are also derived from the supply of electricity. The country is also in a crisis in terms of food supply, roads and literally, everything else. If Kenya was a company, it would by now be under receivership. I do not know who would receive us, but that is the situation as it is now.

(Applause)

Mr. Deputy Speaker, Sir, we have leaders and a Government in place. I wonder whether any planning was done in the power sector and if any planning was done, why it has now landed us into this situation. We may have been told that we are in this situation because of rain shortfalls. In fact, somebody, somewhere, said: "I do not make rain". I agree with him, but what went wrong with his planning? Who planned wrongly for this country such that we are now in this situation? Who will be crucified for the problem that this country is now facing? Who are these people who planned for the construction of hydro-electric power plants in those areas that have landed us in this kind of situation? These are some of the questions which linger in many peoples' minds and somebody somewhere needs to tell us why we are in this situation.

Mr. Deputy Speaker, Sir, in this country supply of electricity has tended to be derived from hydro-electric power plants and, yet there are many areas where we can get electricity. We know that we can derive electricity from the nuclear energy, diesel engines and all these sorts of generators. We have seen those engines, like the ones sold by Impala. We have also seen the ones put near Doonholm Estate. Today, Turkwel and Masinga Hydro-electric Power Plants cannot supply the megawatts that they were originally planned to supply. Who are those people who planned to have the Turkwel Hydro-electric Power Plant, while they knew very well that there was not enough water in that area, not forgetting that billions of taxpayers' money was spent to establish it? I would like to say that some of these projects have been described as "white elephant", and, indeed, they are. It is now that we are realising that they were "white elephant". Why were they allowed to take those projects in those areas? Who are those people who did this and why did they do it? Was it because they were going to get 10, 20 or 50 per cent; "TKK", or what was it? Certainly, nobody can dispute that, now that we are in that position. When there is enough water, we can argue out our case because we will have cheap electricity from hydro-electric power plants, but the situation has now come out openly. There maybe more questions than answers, but we expect somebody somewhere to come up and tell us how this situation came into being. Why has it been allowed to be the way it is now?

On power rationing, I would like to say that it is not "power rationing" now. It appears that this rationing is not even there. Today, the newspapers were telling us that the power rationing we are experiencing now will be intensified, whereby some areas will not get electricity the whole day, as it appeared in the headline of the *Kenya Times* and some areas might not even have it at all. I have witnessed several estates which have not had electricity for the last few days. I am told that when the KPLC connects electricity in one area, then electricity supply in the other area goes off automatically. So, I do not even know who is controlling what now, because several estates are now going without electricity, including essential areas. I am surprised that we have electricity in Parliament during the day, but I am not sure whether we will have it next week. We may have to adjourn the House because there will be no electricity.

We are now receiving information that patients are dying in hospitals, because even blood cannot be stored because there is no electricity. So, we have now gone to an extent whereby sanctity of human life is no longer important because we cannot afford electricity. Where are we heading to? Do we abandon this country and go to London or somewhere else? Will we survive another few weeks or months? If this situation continues, I do not see this country surviving for another few months. We may have to abandon it. Unfortunately, there is no rain even upcountry and so, we cannot go there either. The situation is bad and it is no longer a joking matter, neither is it politics. When every company says that it will have to close down and sack half of its workforce, so that it can survive, where will those people who will be sacked go? The next thing they will do when they cannot afford their meals is to steal. I do not even know from whom they will steal because even those people they are supposed to steal from will not have anything to be stolen. I would like to say that even insecurity will be rampant, because it will not be possible to control it in this country when there is no electricity. So, this crisis is literally affecting every sector of our country.

I would like to inform this House that wananchi in the whole country are now looking upon this House, which is comprised of their leaders, to tell them what will happen next. The other day, as I was coming here, my constituents were asking me: "Now that we are on the road, give us something to eat. Give us handouts. Tell us what is happening about electricity. What is happening with this country?" I had no answers for the constituents and that is why we want to know from the Government, today, what we will tell these people. What will we do?

Mr. Deputy Speaker, Sir, I expect that a number of hon. Member will possibly advise the Government on what

we should do. But whether electricity derived from nuclear energy, diesel engines or from wherever else is expensive, it is high time the Minister came up and told us what we are supposed to do. Even if it means suspending repair of our roads and other projects, we have to do that so that we can get enough electricity being supplied. I think hon. Members will agree with me that whatever measure we can take now to make sure that we have electricity, then we better take it. Even if it means that we take the whole Budget now and put it on electricity, we may have to do that because if we have to import these generators--- I am not talking of the small generators where a particular company is exploiting this opportunity to import generators and put them there for sale; some people are now capitalising on the situation and they are importing generators into the country. I do not know whether this was deliberate; I do not know whether they knew that this was going to happen. They have imported many small generators for people to buy. I am not talking about those generators, but about big generators from the nuclear system. We now have to take that step, and I am sure that this House will be willing to consider a special Budget for the importation of this kind of machines, so that we can generate enough electricity to supply to this country, particularly hospitals, residential areas and other business areas.

I do not know what plans the Government has, but we expect them to tell us that. I do not know why the KPLC does not have enough money to import those generators. Where did the money go? The rates we are paying here for electric power is 16 times more than in South Africa. That is the situation. Why do we have to pay that much, and despite paying it, we do not have electricity? Who is this person who stole money from the KPLC? Where did the money to import those generators go to? We need to be told this because we also need to tell it to the taxpayers. I know for sure that when I fail to settle my electricity bill for two, three or four days, I get disconnected. Where does all the money we pay to the KPLC daily go to? Where is this money? There is nothing that they are really buying because electricity is simply supplied from water, which has not been bought, but is God given. I would like to say that the water is in the dams, but now that it is not there and we can buy these generators, where did that money go to? We expect the KPLC to have billions of shillings. Time is coming when we will start crucifying those who are stealing money, because at the end of the day, we are the sufferers. When they are eating, things are very good but when it comes to suffering, it is we, people who suffer - that is the common man - and the rest of the people and, yet, it is a few people who enjoy all this. We have here those who were Ministers in this Ministry some times ago. We need to be told why there was poor planning ten years ago. What happened? That is now the result of what we are seeing today. I am glad that some of those who were Ministers before and the current Minister for Energy are here today because they will tell us what happened.

With those remarks, I beg to move.

(Mr. Munyes and Mr. Wanjala consulted loudly)

Mr. Deputy Speaker: Order! Hon. Munyes and hon. Wanjala, this is the National Assembly and not somewhere out there.

Hon. Muite, you have ten minutes.

Mr. Muite: Mr. Deputy Speaker, Sir, this is a country that is in a very tragic situation indeed because the current energy crisis is just about the worst that this country has ever faced. It is time for this House to take a very firm stand. The electricity consumers are entitled to certain answers. We want to know why the current crisis is there and how it came about. There are questions that are begging for answers. For example, when was the last time that our dams were de-silted? We know that there was a time when the KPLC which today should actually be called "power and darkness" - had diesel and steam units in Kipevu. They would actually switch off the units in Kipevu while they were repairing and de-silting the hydro-units. What happened to them?

They talk about them having "retired". When were they retired? In fact, the information is that they were not retired, but that they were permitted to fall into a state of disrepair. Who is responsible? We want some people to take responsibility for the current crisis. We want to be told the truth about the Turkwell Dam. How much money did it cost? Why did we reject the concessionary loan from the European Union and opted to get a commercial loan from Paris? How much money was made by who? This is time for the consumers in the country to be told the truth. It appears that it is only the employers and industrialists who are meeting in this committee to decide how they will distribute electricity.

I ask that committee, through you, to bear in mind that there are consumers in the domestic households and children whom we have already overburdened with the 8-4-4 system of education. When will they do their homework because we now hear that there will be days when there will be no electricity until 11.00 p.m. even in the houses? Let us not just think about the industrialists and the employers. Let us think about the households. This is a major crisis. The country is coming to a standstill. I went to my office today and by 9.00 o'clock power had gone off. We no longer have the manual typewriters that we had a long time ago. Everything depends on electricity. You cannot use your switchboard, the fax machine or type anything. What is the point of going to offices? Life is coming to a standstill. Who will take responsibility?

We have heard - I would like the Minister responsible to confirm or deny this - that there are units which can be bought for about Kshs150 million and be brought into this country. These are units which technically would be able to store electricity that can be imported from Uganda during Uganda's off-peak hours and be used during our peak hours here. Why are those units not being imported immediately? Is it because there is no money to be made by somebody somewhere if those units are imported? Is it because money can only be made if these other diesel agents are imported by certain individuals who will generate electricity, sell it to KPLC at very exorbitant prices which will, of course, be passed on to the consumer? Is this what is going on? Who will take responsibility for the current crisis?

In the whole world, Kenya is second only to New Zealand in the potential for geothermal power. Why has this potential not been exploited? Is it because the people with geothermal technology are straightforward people who are not prepared to give the commissions that are normally given here? This is why we have not exploited the potential we have. How can we allow this situation to continue when the Government is really not telling us what the way forward is? Even if there were to be rains today, how much more water will the dams that we have store? We are told that the problem is caused by drought; it is not drought. What happened to all the water that fell during the *El Nino* rains? The truth of the matter is that our dams are full of silt so that even if there is rain today we will not be able to store water for more than another two or three months. This is the incompetence that is landing us into this problem. Let somebody take responsibility.

In other countries, some heads would have rolled. At least if some few heads were to roll then the public anger would be allayed. There is a lot of public anger when we see people dying in hospitals because blood has to be refrigerated all the time and this is not being done. It is crazy when we see the buck being passed on to God! God is innocent! Who is responsible for the destruction of the forests? How can we talk about rain catchment areas when even now we are still destroying our forests? I wish to give a chance to the other hon. Members to contribute, but since hon. Biwott is here, let him tell us the truth about energy.

Mr. Deputy Speaker: Hon. Members, if you look at Standing Order No.24, it states that no hon. Member may speak for more than ten minutes, but it looks to me that there are many hon. Members who will be allowed to speak between now until we interrupt our business. It seems to me that you also agree that we should allow each Member to speak for five minutes; so it shall be. The Responder on the Government side, as the Standing Orders state, will have 15 minutes.

(Question proposed)

Mr. Angwenyi: Thank you, Mr. Deputy Speaker, Sir, for giving me a chance to contribute to this important matter. Our country has been consigned to destruction. Power is the engine of any economy. We are in the situation where we are today because of poor planning by Kenyans who were entrusted with the responsibility to plan well for this country and not because of God. God has endowed us with rainfall and geothermal energy, but we have planned poorly. We should not blame God. Poor planning has resulted in developing energy in the eastern region of the country, actually on the Tana River alone. We have not planned for generation of energy in the western part of the country, for example, Nyando and Nzoia Rivers. We have waited for 15 years before we could develop Gucha and Sondu Miriu Rivers.

People in the West are straightforward and they did not give kickbacks to those who were planning these things. The people who have planned poorly should, in fact, be given, maybe, ten life sentences. They are killing our people and they are "sacred cows". One, for example, is Mr. Gichuru who has stayed in that company for the last 20 years. In fact, he is 59 years old and he is still the Managing Director of KPLC and yet, people cannot get power. If this House was a court of law, we could condemn him to life imprisonment. He has destroyed our industries---

The Assistant Minister for Foreign Affairs and International Co-operation (Mr. Affey): On a point of order, Mr. Temporary Deputy Speaker, Sir.

Mr. Deputy Speaker: Order! Hon. Affey, when the Speaker gets on his feet, you all sit down. What is your point of order, Mr. Affey?

The Assistant Minister for Foreign Affairs and International Co-operation (Mr. Affey): Mr. Deputy Speaker, Sir, we are discussing a matter of national importance. I do not think we need to make this matter trivial by way of talking about personalities in this House. The hon. Member should withdraw and apologise to the House.

Mr. Deputy Speaker: Order! Order! It is precious because this is a matter of urgent national importance, and that is why frivolous points of orders like the one you have raised will not be tolerated. But hon. Angwenyi, there is enough substance here to discuss this matter without mentioning anybody's name. So, proceed on the substance of the Motion.

Mr. Angwenyi: Mr. Temporary Deputy Speaker, Sir, the reason why I said that man is a "sacred cow" is because he has destroyed our industries. There is now an acute shortage of employment, we have more thieves in this

country and our people are dying in hospitals because of one person. One person is "killing" this country. These people have now prepared themselves to import generators at exorbitant prices. They have already set aside Kshs11 billion for that purpose, when we do not have food in this country. These people want to take money away from this country, so that when the country sinks into chaos, they will run away and hide themselves out there. This House will be responsible if they were to allow them to destroy our country. Kenyans are paying high electricity tariffs and yet, we have destroyed our forests. The same planners, in fact, have failed the leader of our party and our Government so much that our leader is running to God asking him why he is doing that to him.

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

(Applause)

Mr. Shakombo: Bw. Naibu Spika, wataalamu wanaosimamia sekta ya umeme nchini hawafai kumlaumu Mwenyezi Mungu au ukosefu wa mvua kama chanzo cha upungufu wa umeme. Hii ni kwa sababu miaka mitatu iliyopita, wataalamu wa anga walitabiri kuja kwa mvua ya *El Nino* ambayo ingeleta mafuriko katika bwawa la Masinga, lakini hawakufanya jambo lolote la kuhifadhi maji hayo. Jambo ambalo walitarajiwa kufanya ni kupanua bwawa hilo, ili wawe na nafasi kubwa ya kuhifadhi maji kwa minajili ya kutumiwa kwa muda mrefu. Ni huzuni kuwa hawakufanya hivyo. Kwa hivyo, ninalaumu uzembe wao kuliko ukosefu wa mvua nchi.

Bw. Naibu Spika, mwezi wa Januari hadi Septemba 1998, kulikuwa na mvua ya masika na maji yote yalikuwa yakitiririka karibu 200 cubic metres kwa kila dakika moja. Hayo yalikuwa ni maji mengi sana na kama kungekuwa na njia ya kuyahifadhi maji hayo, basi hatungekuwa na shida hii ya upungufu wa umeme nchini.

Bw. Naibu Spika, kusafishwa kwa mabwawa ni jambo la muhimu sana. Kila baada ya miaka mitano, nchi nyingi ulimwenguni husafisha mabwawa yao ya maji. Hii ni kwa sababu ukisafisha bwawa unatengeneza nafasi kubwa ya kuhifadhi maji. Wataalamu wetu wa sekta hii hawafanyi hivyo. Hatufahamu sababu zao za kukataa kusafisha mabwawa yetu.

Wananchi wa Afrika Kusini wana maji machache kuliko sisi, lakini maji yao yanapigwa na mitambo ya stima, yanazuiliwa katika sehemu fulani na usiku yanarudishwa katika mabwawa. Je, ni kwa nini wataalamu wetu wasifanye hivyo? Sisi hujigamba ya kwamba tuna wataalamu wengi kushinda mataifa mengine kusini mwa jangwa la Sahara. Ni kwa nini wataalamu wetu hawafanyi hivyo?

Ikiwa viongozi wetu wana mapenzi kwa nchi hii, basi wangesikilizana na viongozi wa Serikali ya Uganda miaka kumi iliyopita kuhusu uagizaji wa umeme kwa bei nafuu. Ni aibu kuwa viongozi wetu hawataki kulipa bei ya kibiashara. Wao wanashikilia kulipa tu bei ya 1952 iliyowekwa na serikali ya mkoloni. Ni nani anaweza kuuza umeme wake kwa bei hiyo? Kwa hivyo, uzembe wao umeleta shida ya umeme hapa nchini.

Bw. Naibu Spika, miaka ya 1964 na 1965, Serikali ya Tanzania ilipoanza mradi wa Zongo Zongo wa gesi, iliuliza Kenya kama wangeungana nao katika mradi huo--- Mradi huo uligharamiwa na Benki ya Dunia na kampuni za petroli za Canada. Hata hivyo, nchi yetu ilikataa kuunga mkono mradi huo. Kama nchi yetu ingekubaliwa kujiunga na mradi huo, basi tungepata stima ya rahisi sana. Umeme ungepitia Mombasa na kusambazwa katika pembe nyingine za taifa na hatungekuwa na shida hii. Haifai viongozi wetu kulaumu ukosefu wa mvua, bali ni uzembe wao.

(Applause)

Bw. Naibu Spika, hakuna njia yoyote ambayo Kenya itaendelea kupata nguvu za umeme za kudumu ikiwa wataalamu wakuu wa mashirika ya KenGen na KPLC hawatafutwa kazi. Ni lazima wapishe wataalamu wengine ambao wana mapenzi kwa nchi hii, ili tuelekane na shida hizi.

Bw. Naibu Spika, kuna njia ambazo tunaweza kufuata ili tuelekane na shida za umeme nchini. Ni lazima tusafishe mabwawa yetu na tuwe na uhusiano mzuri na serikali jirani. Tunahitajika kuwa na maono marefu katika sekta hii ya umeme. Ni lazima nchi yetu kuwa tayari kuwalipa stima kwa bei nafuu kama vile serikali jirani, wanapotumia bandari yetu, hulipa sawa sawa. Ni kwa nini nchi yetu inataka kulipa stima ya Uganda kwa bei ya 1952?

Mwaka jana, nilitembelea Ol-Karia Geothermal Project. Niliona kuna mashimo ambayo yamechimbwa. Zaidi ya nusu ya haya mashimo yalikuwa yakitoa mvuke angani. Nilipouliza wasimamizi wa mradi huo kwa nini hatupati umeme kutoka sehemu hiyo, niliambiwa ya kwamba huo ni mradi wa pili na haujulikani utanza lini. Je, kuna maana gani kuchimba mashimo hayo ikiwa hawayatumii? Ningeomba Bunge hili kuhakikisha ya kwamba viongozi wa sekta ya umeme wapigwa kalamu.

Kwa hayo machache, Bw. Naibu Spika, ninaunga mkono Hoja hii.

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, I rise to contribute to this Motion. First of all, this Motion touches on a serious matter, and it is good that it has come to be discussed now. I do also support this Motion on Adjournment.

Hon. Members: No! No!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, first of all, the hon. Members should be responsible, and they should listen to the facts and take the situation as gravely as it is, because, for those of us who are connected with the industrial sector, we know the plight of the industries is grave. This is because they are being rationed to produce at less capacities that they can sustain. Therefore, the full impact and the implications could be serious, and it is important that we take that into account. Therefore, we should be looking for solutions to the problem, because that is important, and we should look forward.

As to the cause of the problem of power being experienced in the country, there is no doubt that it is drought that is depleting the waters along the Tana River.

Hon. Members: No! No!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, let me give the facts to the hon. Members. The Tana River is sustained by the Masinga Dam, and that is where the water is conserved, and it is used to regulate the river down-flow. The only other water storage is the Kiambere Dam, and the others run through.

Mr. Deputy Speaker, Sir, let me now give you the facts as they are. The Masinga Dam at its full capacity is only 1056 metres and at the moment it is 1032 metres, and therefore, the margin is very small. What is its generating capacity? It is generating 4 megawatts as opposed to 44 megawatts. The Kiambere Dam measures 703 metres, and it is now operating at 666 metres, and it is generating 55 megawatts as opposed to a 144 megawatts. The Kamburu Dam has got the capacity of 1006 meters, and currently it is 909 metres and it is generating 20 megawatts as opposed to 94 megawatts. All those dams are along the Tana River. The Tana River is located on the eastern part of Kenya where rains have not fallen for some time.

Let me now go to the Turkwell Gorge Project, which is sustaining this country at this particular moment.

(Loud consultations)

Mr. Deputy Speaker: Order, hon. Members! Give hon. Biwott also a chance to contribute to the Motion!

Hon. Members: No! No!

Mr. Deputy Speaker: Order! There is no point to have a debate if you do not listen to one another. Proceed, Mr. Biwott.

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, let the hon. Members now listen to the facts behind the Turkwell Gorge Project. At its maximum, it has got 1150 metres, and at the moment, its standing at 1098 metres, and that is a very small margin. It is generating 80 megawatts as opposed to the planned 146 megawatts. Why is it so? This is because the weather pattern in the western part differs from the eastern part, and it is raining, and this is a point which hon. Mwenje should know; that the geographical and distribution of rain there varies. Today, we thank God that the Turkwell Gorge is there and it is the one which is sustaining this country and, therefore, it is important for the hon. Members to inform the public correctly on the facts behind these dams because they are correct.

Why do we have a problem in the power sector now? We have a problem because of the environment; there is heavy pressure now on the land, and the silting is considerable. Admittedly, the forests have also been depleted. So, what do we need? We need, as a matter of emergency, to connect to the power from the South because there is a lot of power from Mozambique, Congo and South Africa. In the medium term, there is the proposed Zongo Zongo project in Tanzania and also in Uganda, there is a project to be developed. Therefore, I would like the public to know that when I took over the Ministry of Energy, the power supply stood at 300 megawatts and now it is 800 megawatts, and they are surviving because of my long-term plans.

Mr. Deputy Speaker, Sir, with those few remarks, I would like to say that I will be very glad to lay all facts on the Table, and I support the Motion.

Mr. Ndicho: Mr. Deputy Speaker, Sir, I stand here as a very worried person. Recently, the Head of State said that he cannot be blamed because of lack of rains being experienced in the country. He also did something spectacular during the last Madaraka Day; he quoted the Books of 2 Chronicles Chapter 7, Verse 13, which I have been quoting in this House, and this is what God says:

"If the people who are called by my name will repent their sins and come back to me, I will till their land and they will get everything in abundance."

Mr. Deputy Speaker, Sir, the problems this nation is experiencing today have been caused by this Government.

(Applause)

An hon. Member: Prophet Ndicho!

Mr. Ndicho: Mr. Deputy Speaker, Sir, first and foremost, the Head of the Public Service and Secretary to the Cabinet, Dr. Richard Leakey, is a confessed atheist. He says: "Hakuna Mungu!" Then, what do you expect God to do? You expect God to look away from Kenya!

(Applause)

An hon. Member: Toboa!

Mr. Ndicho: Mr. Deputy Speaker, Sir, when God looks away from Kenya, He would not pour his blessings here; there would be no rains, and our land would be cursed as it is now. So, the first thing that the President has to do is to remove Dr. Leakey from the Government and bring in somebody who fears God. If he will not do that, then we will continue to cry and bring Motions of Adjournment after another, and talk about many other issues. The only solution is that this nation must recognise God and go back to Him.

Dr. Kituyi: Allelujah!

Mr. Ndicho: Mr. Deputy Speaker, Sir, everybody is talking about the depletion of our forests and the cutting down of trees and other natural resources. But who from the Opposition side gave the forests to the politically-correct people, where they fell and cut down trees, other than from the other side?

Hon. Members: It is the other side!

Mr. Ndicho: Mr. Deputy Speaker, Sir, now, the same Government is saying the cause of power shortage in the country is the depletion of forests, and trees being cut.

*(Messrs. Kamolleh and Angwenyi
stood in their places)*

Mr. Deputy Speaker: Yes, Mr. Kamolleh.

Mr. Angwenyi: It is the Front Bench!

(Applause)

Mr. Deputy Speaker: Order! Hon. Angwenyi, it is gross disorder to start speaking before you are recognised by the Chair.

Proceed, Mr. Kamolleh.

Mr. Kamolleh: Thank you very much, Mr. Deputy Speaker, Sir, for allowing me to raise my point of order. Is hon. Ndicho in order to say it is we on the KANU side who cut tree and forests? That is really misleading this House because there are a lot--- He is quite out of order, and he should substantiate that because I did not cut any trees!

(Loud consultations)

Mr. Deputy Speaker: Order, hon. Members! Hon. Kamolleh, the guilty are always afraid!

(Applause)

Mr. Ndicho: Thank you very much, Mr. Deputy Speaker, Sir. I need not say more than that; the guilty are always afraid. I support the Members who have said here that there are alternatives to electricity. There are areas to be exploited, like the geothermal we are talking about. I am told that there is the wind geography of this country; that if you just put windmills at the top of Ngong Hills to be rotated by wind, which is generally given by God, and if you play around, He will even "cut" that wind off!

(Laughter)

Mr. Deputy Speaker, Sir, if windmills are put at the top of Ngong Hills, it would provide an alternative supply of electricity and check on the problem of power shortage we are experiencing in this country. But let me finish by saying the following: This Government must also now allow other competitors to compete with the KPLC because if there were competitors, one, the tariffs would have gone down because of competition, and they would have ensured that there is enough supply of power in this country. But when the Government deliberately refuses to allow competition the result is the current power shortage being experienced in the country is.

We know that power is only one of the areas where we are experiencing problems now. We cannot push blame to one individual. Which sector is not experiencing problems? Is it the roads, the Kenya Ports Authority, the Kenya Railways or the Kenya Airways? Which institution today is performing? We only see the KPLC because there is no light. However, we have a gradual decline in all sectors of the economy. We are only more concerned about power problems because we cannot live without it. However, all systems in this country are collapsing. So, we must mend our ways. We must recognise God. You must remove Leakey. We must make sure---

Mr. Mbela: Mr. Deputy Speaker, Sir, thank you for giving me this chance to contribute to this Motion.

Mr. Kibaki: On a point of order, Mr. Deputy Speaker, Sir. It seems that there is a lot of interest in this Motion. Would I be in order to propose that we give ourselves a little bit more time and sit at least until 7 o'clock so that more Members can have a chance to say something about power and energy?

Mr. Deputy Speaker: Well, I see that there is a lot of interest that I do not need to be told and I do not have to wait until 6.30 p.m. I think I will use my discretion under Standing Order 17 (2) to extend our sitting until 7 o'clock.

Proceed, Mr. Mbela!

(Applause)

Mr. Mbela: Mr. Deputy Speaker, Sir, as I stand to contribute, let me first say that I am privileged to be the Chairman of the Committee of the House which handles energy among other things. The Committee has had a chance to have a sitting with the Minister but we only had the benefit of his time for only one hour before he started cutting down his team, with some of the people withdrawing from the meeting.

An hon. Member: Who is that?

Mr. Mbela: I am talking about hon. Yekoyada Francis Masakhalia. At that point, Members of my Committee threatened that they were going to walk out if I allowed the meeting to continue. Despite the fact that we had not even finished the agenda, he was not prepared to find any more time except he felt that either I or the whole Committee should go and listen to him giving instructions on how rationing will take place.

An hon. Member: Futa yeye kazi!

Mr. Mbela: I think I have not come across such arrogance from any of the Ministers that I have had the chance of dealing with.

Mr. Deputy Speaker, Sir, secondly, let me say that this problem---

(Loud consultations)

Please, give me a chance since I have only got five minutes. I wish I had ten minutes. This problem could have been avoided. I heard one of my colleagues say that we were told after the *El Nino* phenomenon that, we should expect thereafter to experience water shortage problems. In any case, who said with the construction of Masinga dam and other dams 25 to 30 years ago, we should not expect to get the bad weather conditions that we have now? In any case, some of the technology that was used at that time is terribly out-of-date since it was installed some 25 years ago. I have noticed that we have tended to say that it is the KPLC which is to blame. The Ministry has split its parastatals with KPLC being the one that supplies electricity and KenGen generating. It so happens that the man who heads KenGen, Mr. Wassuna, was part of the team that designed the turbines to generate electricity some 25 years ago. At 62 years of age, I am unable to believe that he can still deliver!

(Applause)

Mr. Deputy Speaker, Sir, in any case, I also had the privilege of working in that Ministry. I know that in 1996 when I was there, we went through various problems. As one way in which we could solve those various crises, we quickly saw officers rushing to go and make purchases. One of them is Iberafrica Limited which is generating electricity in South C. The cost at which they sell electricity to KPLC is actually even higher than what KPLC charges the normal consumers. We even had the issue of Westmont Limited who came to Mombasa. Even before they left their own

country, they were paid in advance Kshs432 million. However, whatever it is, that company was basically a company and they have not been able to live up to the reputation that was expected of them.

Mr. Deputy Speaker, Sir, as I said earlier, the weather conditions are not likely to become any better than they are now. If they do, it is only for a temporary period and we must learn water management. We tend to assume that once we have used water that is the end of it and we do not have to use it again. If you travel to countries like Israel, for example, you will find that even sewerage water gets "recycled" and it gives you clean services which you never bargained for. I believe that we are also getting into the danger of putting all our eggs in one basket. We need to look at other services that will not depend on the weather, for example, geothermal power. We heard from the Ministry itself the other day that it is capable of giving us 2,000 megawatts. We need to look at Lake Victoria and the catchment areas around there. Who said that God gave us Kenya so that we can sacrifice for Egypt? I think we need to think in an alternative way. In any case, who says that Kenya cannot be supplied with nuclear energy? Besides, there is the danger that we are getting foreign investments all the time. What happens if any of these foreigners decided to leave?

Mr. Deputy Speaker, Sir, I beg to support.

Mr. Wamalwa: Mr. Deputy Speaker, Sir, thank you for giving me the opportunity to contribute to this very important Motion. At the moment, the country faces a very grievous situation and one wonders how this Government is going to get us out of this problem. This is because this Government's track record in terms of dealing with situations like this is extremely poor. All I can say is that if this happened anywhere else in the world, the Government would resign.

(Applause)

However, because this Government is too thick-skinned I know it will not resign. I would have liked to spare a word for my friend, the Minister for Energy. If I were the Minister for Energy and a situation like this happened, I would not wait for anybody to ask me to resign. I would resign my Ministry and walk out of my office with my head hidden in my trousers.

(Applause)

Mr. Deputy Speaker, Sir, we have been given a lot of reasons as to why we are where we are at the moment, which is a pretty path indeed. However, there is no excuse for this situation to have developed. It did not just happen upon us. We could read signs. There were warnings. The Director of Meteorology in this country warned this Government that there was going to be a problem. Nobody listened. This is all about poor planning and this Government has indulged too much in lining their own pockets to the extent of ignoring useful advice meant to save this country. If we think this is bad, I think we have not seen nothing yet. The worst is still to come. If the rains do not come next year and most of our agriculture depends on rain, then what is going to happen? For years we have been saying that on each river there ought to be many dams to be used for agricultural purposes. So, when the rains fail and we fail to produce, it will not be enough for the Minister for Energy or the Minister for Agriculture to resign. I think something bigger will have to happen.

Mr. Deputy Speaker, Sir, it is well known that Ol Karia II in terms of production of geothermal electricity would have been completed two years ago. It has not been completed because the Government has been pussy-footing about funding this project because I think those in charge have not received enough kickbacks.

(Applause)

Mr. Deputy Speaker, Sir, Kipevu II Power Project should have been ready three years ago. This is the Government's own timetable, but it has not been fulfilled. Why did Sondu Miriu take us so long to get round to doing it? Whatever we say, all this boils down to poor planning and shortsightedness on the part of the Government.

Somebody from this side - there is a lot of wisdom on this side - said that we could use wind power. In northern Kenya, there is wind that travels at tremendous speed. Those people from North Eastern Province will know that. If windmills were erected in those parts of the world, we could generate a lot of electricity. But so long as in all these things, there is no room in them for somebody to make a kickback, nobody is willing to make these investments. I think that all in all, it is time for new managers to run this nation. We need new managers. We need a new generation of managers with a new explanation. The Government has run out of ideas. Today, this power crisis is just the last straw. There is already so much going wrong. We are threatened with hunger. Will we blame that on God also?

Mr. Deputy Speaker, Sir, we will face a terrible unemployment situation as a result of this lack of power. Will we blame that on God also? I think that it is about time that we became bold enough. One of the biggest sources of

waste in terms of resources was the greatest white elephant of the last century called "the Kerio Valley Project". If that money had been invested in the production of nuclear energy, perhaps, Nairobi today would be having sufficient electricity. As far as one can see, for a long time in the future, the Kerio Valley Project will continue to remain a white elephant. It is not even being used for irrigation as it was supposed to be used. Maybe, it will be used for irrigation in the next life.

I would like to conclude purely by saying that we could do better by co-operating with our friends in Uganda to produce more electricity.

With those few words, I beg to support.

The Assistant Minister for Information, Transport and Communications (Mr. Keah): Thank you, Mr. Deputy Speaker, Sir, for giving me the opportunity to contribute to this debate on a matter of a national importance. I was the Finance Manager of the Kenya Power and Lighting group of companies between 1973 and 1982, and I can speak with some substantive authority on these issues. A long time ago, we used to plan on a 50-year basis.

Mr. Deputy Speaker, Sir, I would like to say that the installed plant capacity today is 800 megawatts. The available plant capacity today is 700 megawatts. The production today can more than be sustained by the available plant capacity. It is not sustained because we have invested so much on the hydro projects, and a number of things have happened. One of these things is the fact that plants that should have been installed have not been installed.

Hon. Members: Why?

The Assistant Minister for Information, Transport and Communication (Mr. Keah): Mr. Deputy Speaker, Sir, this has been because protracted---

(Interjections and jeers)

The Assistant Minister for Information, Transport and Communciations (Mr. Keah): Please, give me a chance to explain.

Mr. Deputy Speaker: Order! Hon. Keah, if you are responding to their questions, then you will not make your contribution. You should make your contribution according to your own plan and forget about their questions.

The Assistant Minister for Information, Transport and Communications (Mr. Keah): But, Mr. Deputy Speaker, Sir, they are interfering with me. Why can they not give me peace?

The problems have been the financial availability and negotiations. These are the issues that I want to address. I want to address the fact that if we knew that there was going to be no energy, whether the IMF or the World Bank were there or not, we should have insisted, as a country, on looking for alternative ways of financing the plants that ought to be there at Nakuru and Eldoret. But the fact that we have failed in financial negotiations is really what is causing the crisis at the moment.

Mr. Deputy Speaker, Sir, I want to urge that, for the future, we should not rely on the World Bank and the IMF. We should go to the independent power producers regardless of the cost. This is because if we had done that, we would not be having this power shortage. The way forward is to now look for ways and means of hiring plants on an emergency basis. This is available in the world and it will be costly. But for us to overcome the problem at the moment, we should go out and source hirings of private plants. We do not just have an electricity crisis, but we have a water crisis as well. No-one is talking about the water crisis. This is because for the last two weeks, at least, the Kenya Power and Lighting Company has told us that there would not be power. The water people, who include Nairobi City Council and others, have not told us why our taps have been running dry for the last two weeks. This is what we need to address.

I want to say that we have two national crises in this country. There is no point in blaming one another. It is a question of us facing the fact a national basis and addressing the issues. First, generators should be imported into the country duty-free. That should alleviate the situation. Secondly, we should source, in the short term, the hire of plants so that we can generate enough electricity to supply the entire economy. In the long run, we should construct dams in all the rivers and make sure that the water does not go into the Indian Ocean.

Thank you.

Mr. Kibaki: Mr. Deputy Speaker, Sir, in this debate, the point which has just been made by the Assistant Minister is, in fact, where we should begin. Seven or eight years ago, the negotiations with the World Bank and other financiers broke down. Those were sure sources of finance. Why did they break down? This is because that is the beginning of that crisis that the Assistant Minister has talked about. He is right that the crisis has something to do with financing. They broke down because the Government of Kenya insisted on building Turkwell Gorge Project at a cost which was three or four times what it would have cost to build an ordinary dam anywhere. In other words---

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir.

(Hon. Members booed Mr. Biwott)

Mr. Deputy Speaker: Order, hon. Members! It is every hon. member's right to stand up on a point of order!

Hon. Members: No! No!

There is only one Speaker for the time being.

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir. I did not want to interfere with hon. Kibaki's contribution, and I do not want to argue about the IMF. But is hon. Kibaki in order to mislead this House that the cost of constructing Turkwell Gorge Project was four times or more than the cost of constructing a normal dam? The true figure, which we can table here today, was lower than the cost of constructing a normal dam. It was only about US\$200 million. We can bring that figure to the House; so do not mislead the House.

Mr. Kibaki: Mr. Deputy Speaker, Sir, that is an argument that has no validity.

(Applause)

The European Union (EU), the World Bank and all other sensible people in the world, in trying to advise the Kenya Government, have it on record what kind of dams we should have gone for, and their cost. That particular dam was not viable. The final cost, which was negotiated privately, as everybody knows, and the Minister was part of those negotiations--- It was a fact! I am not arguing about historical facts. They are there on record! What I am saying is that those sources of finance dried up because they said: "If the Government of Kenya is willing to waste its very scarce resources by financing those kind of things, we will not continue to finance them!"

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir. Is he in order to insist? I challenge him to table the figures that he has talked about! I will also table the actual figures! I would like him to substantiate and produce facts!

(Loud consultations)

Mr. Deputy Speaker: Order! It is right and proper that this Motion should invoke so much excitement. This is because we are talking about our lives!

Proceed, hon. Kibaki!

Mr. Kibaki: Mr. Deputy Speaker, Sir, at least, I should be given three minutes because they have been wasted over that deliberate business. What I am saying is that the financing of power development in Kenya broke down during those negotiations because corruption was established, printed in Europe, shown who was to receive it and so forth. Now, that is where we broke down. That is where the Assistant Minister is right. When we could not have another financier, we wasted so much time without generating any new electricity. So, the Government sat back and saw the crisis coming. Therefore, those who are guilty are the Government. The Government must take responsibility. There is no way of escaping it. There is no way of looking for other things. What I am insisting on is that the Government---

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir.

Mr. Kibaki: I am talking! I will not go!

(Loud consultations)

Mr. Deputy Speaker: Order! Hon. Members, this is a debate where Members have only five minutes.

An hon. Member: He should be named!

Mr. Deputy Speaker: Order! There is no point of naming anybody here!

An hon. Member: He should substantiate!

Mr. Deputy Speaker: Order! Substantiation does not necessarily mean producing documentary evidence. So, really, in a debate like this, which was started at 5.15 p.m, this afternoon, of which you had no notice before, it is not fair for the Chair to insist that substantiation be done now.

(Applause)

It will not be possible! Hon. Kibaki did not know what was going to be said so that he could respond the way he has done. But because of so many interruptions of his speech, I will add him one more minute.

Proceed.

Mr. Kibaki: Mr. Deputy Speaker, Sir, one minute is not enough!

The guilty will always be guilty and they will go on to interrupt those who speak the truth. But the truth shall remain the truth for ever because truth is equal with God. Truth will never fail, and history will record that the Government of Kenya disagreed with financiers over that particular issue which I was referring to. Having broken away from there, they never found an alternative financier to finance the programme which had been agreed, programmed and planned, and which would have done all that was supposed to be done in this nation. So, there would be no crisis. We are in a crisis because of what the Government did. Therefore, they are guilty! They must be held guilty!

Mr. Deputy Speaker, Sir, what we are saying is that, without going back to history, let us liaise with our neighbours, particularly Uganda, and others to the south, who can generate additional capacity very, very quickly.

With those few remarks, I beg to support.

Mr. Nyachae: Mr. Deputy Speaker, Sir, I sincerely hope that I will not be interrupted.

Firstly, I would like to say that what hon. Kibaki has stated about the breakdown of the negotiations in the 1990s--- In reality, that was the breakdown, but the problem started way back in 1986, when the European Union offered to do feasibility studies in this country and we ignored them. Then the World Bank came in and they joined hands with the European Union and continued to make requests that the Kenya Government agrees that they do feasibility studies and they would support what they considered to be viable. The breakdown of the negotiations arose out of the fact that they were not satisfied with the position we took as Kenya, about the viability. We had our own meaning of viability, while they---

Hon. Members: Toboa Mzee! Toboa!

Mr. Nyachae: Mr. Deputy Speaker, Sir, for your information, the feasibility studies were not going to cost Kenya any money because it was the European Union which wanted to finance them and not the World Bank.

Mr. Deputy Speaker, Sir, let us not deny the fact that we have made mistakes! Let us accept that we are in a crisis and---

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir.

Hon. Members: Aha! Aha! What is wrong with you, Mr. Biwott?

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir. Is the hon. Member in order to mislead this House about the feasibility study, which he knows himself and which he sanctioned? Could I be allowed to bring those documents here tomorrow, for Nyachae or even hon. Kibaki to see?

An hon. Member: You were involved! What is itching you? Stop those cover-ups!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Kibaki was in the Cabinet. Do not go and cheat wananchi!

Hon. Members: Could you sit down? There is nothing you are telling us! We know you!

Mr. Deputy Speaker: Order! Order, hon. Members! It will be the first time that a Member who stands up on a point order asking for substantiation brings his own reply! I did not quite understand what documents hon. Biwott wants to bring here.

Hon. Members: He knows! We do not want him to bring them tomorrow, we want them today! He has nothing to bring! He is wasting time!

Mr. Deputy Speaker: Order! Order! Let me say, again, hopefully, for the last time that when a Member stands on a point of order, he is standing because the Member on the Floor is breaching one of our Standing Orders. You ask the Chair to rule whether that Member has breached that Standing Order or not. So, let us not use---

(Mr. Wanjala gestured to hon. Biwott)

Order, hon. Wanjala!

An hon. Member: He is being a nuisance!

Mr. Deputy Speaker: Order! Let us not use points of order for arguments or asking questions.

An hon. Member: Yes! Mr. Biwott, sit down!

Mr. Nyachae: Mr. Deputy Speaker, Sir, I am very concerned about solving the crisis now, but if the hon. Biwott wants substantiation, I will tell him this: One of the reasons why Mr. Mule resigned as the Permanent Secretary, Treasury, before his retirement age, was because hon. Biwott and hon. Prof. Saitoti went to Paris to sign documents there and---

(Loud consultations)

Mr. Deputy Speaker: Order! Order!

Hon. Members: Biwott must go! Biwott must go!

Mr. Deputy Speaker: Order! Order, Hon. Members! Hon. Nyachae, what you are saying may be very sensational. You may be even correct, but if you want to discuss a Member, you must bring a substantive Motion.

Hon. members: Why are you defending Mr. Biwott? Let him continue!

Mr. Deputy Speaker: Order! Order! Order, hon. Members! Those are not my rules, they are yours! Hon. Nyachae---

An hon. Member: Give Nyachae three minutes! Let him continue and finish his time!

Mr. Deputy Speaker: Do not do my work for me. Hon. Nyachae, if you want to discuss hon. Biwott, or you want to introduce letters, you have to bring that by a substantive Motion. For now, I would require you to withdraw those remarks.

Hon. Members: No! No!

Mr. Nyachae: Mr. Deputy Speaker, Sir, I will withdraw the names of hon. Biwott and hon. Prof. Saitoti because they are hon. Members, but I am not going to withdraw what happened. But the trip to Paris was---

Mr. Deputy Speaker: Order! Order, hon. Members!

Ah hon. Member: Yes, I know!

Mr. Deputy Speaker: Order! Order! Order, hon. Members! Whether you know or not---

Hon. Members: Let him co-operate! The trip to Paris!

An hon. Member: The Total Man is rebelling!

Mr. Deputy Speaker: Order! Order, hon. Members! You know, with hindsight, we should have stopped this debate at 6.30 p.m.

(Laughter)

Hon. Nyachae, I want you to withdraw reference to hon. Members of this House.

Hon. Members: He has withdrawn!

Mr. Deputy Speaker: Order! Order! Hon. Members, you know that I am obliged by your rules to do so. I will not make an exception.

Mr. Nyachae: Mr. Deputy Speaker, Sir, I withdraw the names of the hon. Members I mentioned. Can I substitute those names with the then Ministers for Energy and Finance respectively?

Hon. Members: Yes!

(Applause)

Mr. Deputy Speaker: Your time is up!

Dr. Ochuodho: Mr. Deputy Speaker, Sir, realising that I do not have a lot of time, I want to begin by asking searching questions. The first question I want to ask is: Who are the individuals behind the so-called Independent Power Generating Companies? Who are the people behind the companies that are now going to import generators? That is my first question.

Mr. Deputy Speaker, Sir, secondly, is the proposed Lanet-Eldoret Power Station another white elephant? Maybe, Members are not aware that apart from Turkwell Gorge, money has already been slated to be used on the proposed Lanet-Eldoret Power Station. Is it going to be another white elephant. Thirdly, why do we depend on seasonal rivers when we have rivers that are full all the year round with attendant flooding?

Fourthly, why was donor support withdrawn for power stations? I do believe hon. Kibaki has expounded quite a bit on that, and although hon. Keah did try to refer to the point, he failed to hit the nail on the head. Donor support was withdrawn because of looting in this country. That is why, in my view, donor support was withdrawn.

My fifth question is: How come that Kobil/Kenol Oil Company got wind of the impending price increase for oil products before other oil companies? An hon. Member of this House has interests in that particular company.

Hon. Members: Which hon. Member is that?

Dr. Ochuodho: He is only one person; it cannot be anybody else, Mr. Deputy Speaker, Sir.

(Laughter)

How come that Kobil/Kenol Oil Company got wind of the impending increment in the price of oil products before the other companies got to know about it? Finally, we are being told that the measures that are being put in place

will take us through the next six months. What will happen if the rains fail to come after six months? Having asked my questions, I would now like to present my concern over this issue, and why I support the Motion that has been moved by hon. Mwenje. In my view, a Government that cannot guarantee its people food, water, security and energy has no business continuing to be in power.

(Applause)

Mr. Deputy Speaker, Sir, why would such a Government want to continue being in power? What would it be providing to its citizens? Being a Member of this House's Committee on Energy, Communications and Public Works, I have my reservations on whether this problem is natural or artificial. I will only be convinced that this is a natural problem after the Committee visits Kiambere Dam. I have a strong feeling that the current power crisis is an artificial one, created so that some people can make windfall profits. Until I am convinced otherwise, I will continue to maintain this position. Is the country experiencing this problem because of siltation in the River Tana, or is it because of any other reasons? Is rainfall shortfall, really, the cause for this problem?

Mr. Deputy Speaker, Sir, this country experienced its worst drought in recent times in 1984. How come we did not have power rationing on this scale then? So, as an engineer and a Member of the relevant Committee of this House, I would like to see for myself what happened at Kiambere Dam. I understand that the Kenya Power and Lighting Company (KPLC) is going to bring in power generators from Scotland. I concur with the Chairman of the Committee on Energy, Communications and Public Works, hon. Mbela. When officials from the Ministry of Energy were summoned by the Committee, after only 10 minutes of sitting, one of the senior Members wanted to leave. We, indeed, threatened that if the senior Member would not stay on, all of us would walk out of the Committee meeting.

Mr. Deputy Speaker, Sir, we did not know that there are some people within the system who are answerable to more supreme authorities than Parliament. Therefore, until we restore the true supremacy of Parliament, we will continue to have problems. It is in light of these sentiments that I recommend the withholding of any plans to import power generators until this House's Committee on Energy, Communications and Public Works is satisfied that the current power crisis is, indeed, a natural problem that this country needs to deal with, and that somebody is not trying to create a chance for further looting of public resources.

Mr. Deputy Speaker, Sir, another sentiment that I would like to make known to this House regards the liberalisation of power generation and distribution. Why are we not liberalising, in its true sense, the area of power generation and distribution? One may say that power generation is already liberalised. However, power distribution is not liberalised yet. Could it be because since the KPLC's systems of electric power distribution, transmission and transportation are inefficient, we are not getting enough of the commodity? Why can we not also liberalise this area?

Mr. Deputy Speaker, Sir, I support the Motion.

Mr. Michuki: Thank you very much, Mr. Deputy Speaker, Sir. I want to make a contribution to this Motion because it is a very serious one. As has been stated here, insufficiency of power is going to affect every aspect of our lives. The farmers will not store milk, and tea factories will not run in the normal way and, therefore, a lot of tea will be wasted. I would also like to say that some medicine in hospitals will not be stored, and the Minister in charge of the Ministry here will say so, because there are certain types of medicine which cannot be stored without being chilled, and electricity is an agent. We are talking about the mistakes of the past, which we have failed to rectify, and when I say so, I mean the Government in power, because, we, on this side of the Opposition, are not paid taxes so that we can be challenged as to how we do things. Therefore, those mistakes of the past, which were deliberate--- I was in the Treasury in 1986, and what hon. Kibaki and hon. Nyachae have said here is true. In fact, because of the Turkwell Hydro-electric Power plant, I became a victim as well, because nobody would talk about it other than selected people.

An hon. Member: Who were those people?

Mr. Michuki: Mr. Deputy Speaker, Sir, because my son was doing a Masters Degree in Sussex University and happened to have referred to the non-viability of Turkwell Hydro-electric Power Project, it took the President to threaten me with imprisonment on the advice of Mr. Biwott, so that I could be taken to the Ministry of Culture to be cultured because I was not cultured!

(Applause)

Hon. Members: Hon. Biwott must go! Moi must go! Biwott must go!

The Minister for Tourism, Trade and Industry (Mr. Biwott): Who must go? Do not cry!

Mr. Deputy Speaker: Order! Mr. Michuki, you have finished your contribution, but hon. Members, I do not know how many times the Chair must state that if you want to speak about another hon. Member, there is nothing to stop you from doing that. All you have to do is to bring a Motion, and a Motion on another Member will always be approved by the Chair. So, hon. Michuki, you have sat down but there is tomorrow. I will check what the HANSARD

says and I will have to deal with that issue. You cannot mention an hon. Member adversely, unless you bring a substantive Motion.

The Minister for Tourism, Trade and Industry (Mr. Biwott): On a point of order, Mr. Deputy Speaker, Sir.

Mr. Michuki: Mr. Deputy Speaker, Sir, I do not know whom I should have said was behind my removal from the Treasury, when the person I have mentioned told me that from his own mouth. I do not know how else you want me to put it.

(Applause)

Hon. Members: Biwott must go!

Mr. Deputy Speaker: Order! That may be so, but it does not absolve you from your responsibility under our Standing Orders; that if you want to discuss him, you do it via a substantive Motion.

An hon. Member: He substantiated!

Mr. Deputy Speaker: Order! Hon. Michuki, it may be very true--- If hon. Biwott denies it, the situation is worse. So, do the needful.

The Minister for Tourism, Trade and Industry (Mr. Biwott): Mr. Deputy Speaker, Sir, what the hon. Member has said is absolute lies. He left the Treasury during Mzee Jomo Kenyatta's time and not President Moi's time.

Mr. Deputy Speaker: Order! Hon. Members do not lie. They vary the truth. I now call upon the Minister to respond.

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Thank you, Mr. Deputy Speaker, Sir. May I start by thanking the hon. Members for their concern. I want to give the background first. Since the *El Nino* rains of April/May, 1998, the rainfall in the Tana River catchment area has been very scanty for the past two years. In September, 1999, power rationing was introduced by the KPLC to load-shed approximately 8 per cent of energy, and 15 per cent of peak power until such time that the adequate rains arrive in October/November. The short rains of 1999 started very---

Mr. Mwenje: On a point of order, Mr. Deputy Speaker, Sir. With due respect to the Minister, I thought our Standing Orders do not allow him to read to us a lecture. Although it is a reply, it is still not---

Mr. Deputy Speaker: Which Standing Orders are you referring to? Which Standing Order is he offending?

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, I was saying that the short rains of 1999 started very late in November, and lasted for only one month of December. The rivers which flow into Tana and Turkwell for the dry months of January, February and March were only 50 per cent of long-term averages. Notwithstanding the load-shedding that has been in place since September, 1999, low levels have continued to date, despite restoration of 44-megawatt gas turbines and installation of a new 75-megawatt diesel plant. The long rains expected in April this year failed again---

Mr. Maundu: On a point of order, Mr. Deputy Speaker, Sir. I think the Chair should refresh our memories because the Standing Orders say that the Minister may make reference to his prepared notes, but he is reading a text which was prepared in his office without taking into account the points that have been made by hon. Members here. Is he responding to what the hon. Members have said or is he giving us a text written in the office?

Mr. Deputy Speaker: Order! I believe hon. Members are referring to Standing Order No.65, which states that no Member shall read his speech, but he may read short extracts from written and printed paper in support of his argument, and may refresh his memory by reference to notes, provided that Mr. Speaker may allow a Member to read his speech in particular cases where Mr. Speaker is satisfied that this is necessary for the precision in statement of facts. Mr. Speaker is satisfied that this is necessary.

(Laughter)

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, I think hon. Members should know that this is a Ministerial Statement. There is no way I can do without it, unless you do not want it, anyway!

Mr. Mbitiru: On a point of order, Mr. Deputy Speaker, Sir. Is this not a clear manifestation [**Mr. Mbitiru**] of the glaring emptiness in leadership in the Front Bench; that is the position of this Minister---

Mr. Deputy Speaker: Order! The Standing Orders only say: "If Mr. Speaker is satisfied", and Mr. Speaker has told you he is satisfied.

Proceed.

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, I do not

know why the other side of the House is not as concerned as that side. Kama hamutaki, what is the way out, anyway?

Mr. Deputy Speaker, Sir, the long rains expected in April this year failed again for the second consecutive year, making the two-year hydrological cycle for 1999/2000 the worst recorded for the past 40 years.

Mr. Wambua: On a point of order, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Is it on the same issue?

Mr. Wambua: Yes, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: But I will not entertain any more points of order on the same issue.

Mr. Wambua: Mr. Deputy Speaker, Sir, there is one point I would like to raise. The Minister is reading a Ministerial Statement. Who has asked for a Ministerial Statement?

Mr. Deputy Speaker: That is frivolous. The sooner you stop it there, the better for your own good. Proceed, Mr. Minister.

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, currently, the daily demand for electricity throughout the country is about 13.0GWHR (540 megawatts) of average power. In a normal year, hydro-stations supply about 9.0GWHR or 70 per cent of the total power generated. The balance of 30 per cent is provided by thermal, 20 per cent; geothermal - 7 per cent, and Uganda imports, 3 per cent. Because of reduced output from hydro-stations, the present power system can supply only 8.0 GWHR against a demand of 13.0GWHR---

Mr. Gatabaki: On a point of order, Mr. Deputy Speaker, Sir. Is it in order for the hon. Minister to keep boring this House with the speech written for him by hon. Biwott, when this House has made it clear that hon. Biwott is the criminal and the President should sack him?

(Applause)

Mr. Deputy Speaker: Order, hon. Members! Since hon. Members seem to be speaking with so much power, we really do not seem to have power problem.

Proceed, Mr. Minister.

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, I want to state categorically that the speech I am reading was written by my officers, and not by Mr. Biwott.

Mr. Deputy Speaker, Sir, measures to redress the shortfall are as follows:- The immediate option is to deepen the rationing of electricity to save the limited reserve to the onset of the short rains in October. This rationing was effected on 29th May, 2000. This programme, however, has not yielded as much savings as we anticipated. We, therefore, have to consider the possibility of deepening it even further. We have involved the stakeholders throughout the time, visiting dams, and having meetings, and we have together agreed on the programme published today where residential and industrial consumers have been organised into groups. Under this arrangement, industrial consumers will alternately receive power for eight hours a day for four days in a week, including Sundays. The residential consumers will receive power in the mornings and afternoons on alternate days. However, during the evening peak, between 6.30 to 11.00 p.m. one group of residential consumers will be off supply alternately. In arriving at the above programme, due consideration was given to the available energy and the need to distribute it as effectively as possible to all consumers.

Mr. Deputy Speaker, Sir, the second option is to start the privately owned generating capacity in Kenya. This happens to be in the form of standby capacity in the hands of both the private and public sector, and it is anticipated that this generating capacity is not able to generate electricity continuously for more than eight to 12 hours, but if the owners could be given incentives---

Mr. Deputy Speaker: Order! Mr. Minister, will you spend some time to respond to the issues raised by hon. Members?

Mr. Maitha: On a point of order, Mr. Deputy Speaker, Sir.

Mr. Deputy Speaker: Order, Mr. Maitha!

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, I have two pages remaining, and I had a few points to make.

As some hon. Members said, there was poor planning in locating most dams in one part of the country.

(Applause)

Mr. Deputy Speaker, Sir, some Members on the Opposition side have to take that responsibility. They have no excuse, and one of them is the then Minister for Finance, who is the current Leader of the Official Opposition, Mr.

Mwai Kibaki. The Masinga Dam was not built during the Moi era; it was there before, and at that time I was an Assistant Minister. So, Mr. Kibaki is responsible for poor planning of these dams. It is now high time some of these dams are relocated. That is why we have Sondu Muriu Project in the Western Kenya, and others in the pipeline will also be located there. There will be no more dams located in the Eastern part of Kenya.

Mr. Mbitiru: Mr. Deputy Speaker, Sir, is the Minister in order to mislead this House---

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Misleading what?

Mr. Mbitiru: Mr. Deputy Speaker, Sir, is the Minister in order to mislead this House, when it is very clear, even in the HANSARD, that the power sector was destroyed during the tenure of Mr. Biwott, who was the then Minister for Energy? Why should he blame the current Leader of the Official Opposition who was then--- (inaudible).

Mr. Deputy Speaker: Order! I think we must now take this very seriously. I will not allow another Member to stand on a point of order to ask a question, or to argue with a Member on the Floor. Hon. Mbitiru, that is absolutely the last time, and let it be heard.

Proceed, Mr. Minister.

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, it is not true that the central part of Nairobi, where hon. Muite's office is located---

Hon. Members: Where?

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): It is down here, and it has electricity day and night and, therefore, Mr. Muite misled the House.

Mr. Muite: Mr. Deputy Speaker, Sir, is it in order for the Minister to suggest that I misled the House? My office is in the Bishops Towers, behind the Panafric Hotel, and there was no power from 9.00 a.m. But, Mr. Minister, please, tell us: What is wrong with Masinga Dam?

The Minister for Renewable Energy Development (Mr. F.P.L. Lotodo): Mr. Deputy Speaker, Sir, there is nothing wrong with Masinga Dam because it is generating power. I want to inform hon. Members that although it was written in the records of this House that the Turkwell Gorge project is a white elephant, it is the only dam sustaining the country now.

Mr. Deputy Speaker, Sir, I beg to support the Motion.

ADJOURNMENT

Mr. Deputy Speaker: Order, hon. Members! It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Thursday, 8th June, at 2.30 p.m.

The House rose at 7.00 p.m.