

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 18th October, 2011

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

QUESTIONS BY PRIVATE NOTICE

CIVIC EDUCATION ON GMO FOOD

(Ms. Chepchumba) to ask the Minister for Higher Education, Science and Technology the following Question by Private Notice:

(a) Does the Government have a plan to conduct civic education on the effects of consuming Genetically Modified Organism (GMO) food?

(b) Is the Minister aware that due to inadequate information on the importation, sale and consumption of GMOs, farmers in grain growing areas are suspicious of seeds being provided by Government agencies?

(c) How many experts on GMOs does the Government have in the country, particularly in Eldoret South? Could the Minister confirm to the House that no GMOs, particularly seeds, have been imported into the country?

Mr. Speaker: Hon. Members, the hon. Member for Eldoret South has, in fact, communicated with me that she is not able to be here this afternoon. However, we will, perhaps, revisit the Question a little later after we have clarified whether or not she has delegated another Member to ask the Question.

REHABILITATION OF CHOGORIA ROAD IN INDUSTRIAL AREA

Eng. Gumbo: Mr. Speaker, Sir, I beg to ask the Minister for Roads the following Question by Private Notice:

(a) Is the Minister aware that Chogoria Road within Nairobi Industrial Area is currently in a deplorable state of disrepair with vegetation sprouting in the middle, despite the road having been tarmacked only recently?

(b) What urgent measures will the Minister take to rehabilitate the road, in view of the economic losses being occasioned to the many businesses in the area?

The Assistant Minister for Roads (Mr. Kinyanjui): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that Chogoria Road within Industrial Area is in a bad state and in need of urgent repairs.

(b) My Ministry, through the Kenya Urban Roads Authority (KURA), has allocated a total of Kshs4,033,830 in this financial year for improvement of drainage and the riding surface. Tenders for routine maintenance of the road were advertised on 26th September, 2011, and the works are expected to commence early January, 2012. In addition, the KURA is also carrying out the design and documentation of the road for purposes of reconstruction.

Eng. Gumbo: Mr. Speaker, Sir, as the Assistant Minister is aware, the situation on this road is actually dire. As I speak now, water ponds have formed on what was formally the road surface. There are trees growing on the road. I appreciate what he says that work will start in January, but the businesspeople cannot access their premises. What immediate action can he take, so that these people access their businesses?

Mr. Kinyanjui: Mr. Speaker, Sir, I want to acknowledge that I had an opportunity to see this section of the roads. Indeed, it is in a deplorable condition. We will do everything possible to make it motorable. I hope that within the next two weeks, we will embark on emergency repairs of the road to ensure that water is currently on the road, together with all the things that have virtually accumulated there over the years, is removed.

As Members may be aware, roads within municipalities and the city council were previously maintained by the respective councils. However, after the reforms within the Ministry, that work has been transferred to the Ministry. It is true that sometimes there was delay in handing over some of these projects. This particular road falls within that category. However, we are committed to ensure that we have a lasting solution to this road.

Mr. Koech: Mr. Speaker, Sir, the Assistant Minister has confirmed that this road is in a deplorable situation despite the fact that it was tarmacked only recently. There are many of such roads across the country. What is he doing to ensure that Kenyans get quality work and contractors who do a shoddy job are blacklisted?

Mr. Kinyanjui: Mr. Speaker, Sir, it is not correct that the said road was tarmacked recently. I want to confirm that the Ministry of Roads through KURA had budgeted Kshs33 million last year. However, this did not cover this section of the road. Therefore, it is not correct to say that it was tarmacked only recently.

Previously, we have been giving funds to the local authorities as agents to ensure that the roads are actually repaired and maintained. Since KURA came up, we are actually doing the work. Therefore, we are responsible for the quality and we shall ensure that we deliver as per the requirements.

Eng. Gumbo: Mr. Speaker, Sir, I thank the Assistant Minister profusely for undertaking to ensure that some works start on the road in the next two weeks. However, last week I had pictures here showing the deplorable state of the road. Could I, through the Chair, plead with him to use some of the emergency funds that they have to start some work on the road in the next one week?

Mr. Kinyanjui: Mr. Speaker, Sir, I indicated that we have already allocated some funds for this road. However, if you were to use the emergency funds, then it would amount to a double allocation for the same project. We hope to shorten the period upon which we can ensure that a contractor is there without going through the usually long procurement processes.

Mr. Speaker: Next Question, Mr. Wamalwa!

STALLING OF WORKS AT MITUME/TUWANI BRIDGE

Mr. Wamalwa: Mr. Speaker, Sir, I beg to ask the Minister for Roads the following Question by Private Notice:

(a) Is the Minister aware that the construction of the Mitume/Tuwani Bridge in Kitale has stalled despite the Government allocating Kshs20 Million for completion of the same?

(b) What urgent measures are being taken to ensure completion of the same and prevention of wastage of what has already been put up so far?

The Minister for Roads (Mr. Kinyanjui): Mr. Speaker, Sir, I beg to reply.

(a) I am aware that the construction of Mitume/Tuwani Bridge has stalled due to variations in the scope of the project. As a result, the Kshs20 million released for implementation of the project could not accommodate the additional cost.

(b) My Ministry, through KURA, has quantified the remaining works. However, due to budgetary constraints, the Ministry has not been able to procure a contract for implementation of the remaining section.

Mr. Wamalwa: Mr. Speaker, Sir, this particular bridge had been allocated Kshs20 million. I believe through sheer negligence of the engineers, the design used was a wrong one and it, therefore, swallowed up the Kshs20 million. Could the Assistant Minister tell us what the Government will do to ensure that whatever had been put in through the Kshs20 million is not wasted away? Could he put measures in place to ensure the completion of the Mitume/Tuwani Bridge?

Mr. Kinyanjui: Mr. Speaker, Sir, as I indicated, funds amounting to Kshs20 million were availed through the DRA, Trans Nzoia, in May, 2009, and a contract sum of Kshs19,999,000 was procured for the works in June, 2009. During the implementation, it was found necessary to vary the length of the culverts from 38 metres to 50 metres. This, in effect, significantly affected the cost of the project.

A total of Kshs17,000,972 has already been given. The assessment of the remaining works which would safeguard what the hon. Member is requesting would amount to about Kshs130 million to ensure that the link road connecting this particular bridge is also connected. We are in the process of securing this amount of money. However, in particular, what will be required for the backfilling of the bridge alone is Kshs35 million. That is our priority for now to ensure that we do not waste away what we have already invested.

Mr. Wamalwa: Mr. Speaker, Sir, this particular bridge has cut off Tuwani/Mitume Estate from the rest of Kitale Town. We have a problem, particularly for school going children who have to go round to access schools on the other side of town. Could the Assistant Minister, probably, put in place arrangements to at least deal with the bridge first before he talks about the link road? Could the Kshs35 million be availed as a matter of urgency to complete the bridge first and then the link road can be done later?

Mr. Kinyanjui: Mr. Speaker, Sir, I agree with the hon. Member that we can start with the back filling of the bridge to ensure that there is accessibility, especially for the children crossing to go to school and back home. I undertake to ensure that this money is availed as soon as possible to ensure that there is smooth access.

Mr. Speaker: Next Question by Mr. Affey!

OUTBREAK OF *DENGUE FEVER* IN MANDERA COUNTY

(**Mr. Affey**) to ask the Minister for Public Health and Sanitation:-

(a) Is the Minister aware of an outbreak of “*Dengue Fever*” in Mandera County, which has so far led to the death of 15 people?

(b) What emergency measures have been put in place to stop it from spreading and avert more deaths?

Mr. Speaker: Is Mr. Affey not here? Due to the prevailing circumstances, and the fact that hon. Members are just arriving for the sitting, I will revisit that Question one more time.

ORAL ANSWERS TO QUESTIONS

Question No.1162

NUMBER OF NURSES RECRUITED UNDER
ESP IN BURA/GALOLE/GARSEN

Dr. Nuh asked the Minister for Public Health and Sanitation:-

(a) whether she could provide details of the nurses recruited through the *Economic Stimulus Programme* in Bura, Galole and Garsen Constituencies and state the facilities to which they were posted and the respective dates of posting?

(b) whether she could tell the House the current shortage in the respective health facilities in the three constituencies and to what extent has the shortage affected service delivery in the health facilities; and,

(c) when she will recruit more nurses to address the shortage.

Dr. Nuh: Mr. Speaker, Sir, I wish to record my reservations that I have not yet received a written answer?

Mr. Speaker: You have not received a written answer? Are you able to proceed without it?

Dr. Nuh: Mr. Speaker, Sir, I expect it to be a detailed answer. So, I would like to have a look at it.

Mr. Speaker: Mr. Assistant Minister, do you have an extra copy of your answer?

The Assistant Minister for Public Health and Sanitation (Dr. Gesami): No, Mr. Speaker, Sir. I do not have another copy.

Mr. Speaker: Very well. Perhaps, you may want to table that so that a copy can be made. We will come back to the Question a little later.

(Dr. Gesami laid a copy of the answer on the Table)

Hon. Member for Juja!

Question No.901

BLOCKAGE OF SEWERAGE SYSTEM IN THIKA

Mr. Kabogo asked the Deputy Prime Minister and Minister for Local Government:-

(a) whether he is aware that the sewerage system in Majengo Estate in Thika has been blocked for over three years resulting in waste drainage into Chania River and increasing the risk of water-borne diseases to the residents of Thika; and,

(b) when the Thika Municipal Council will repair the sewer.

Mr. Speaker: Mr. Deputy Prime Minister and Minister for Local Government!

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I would like to request that we revisit the matter in the second round. Maybe, he is just on the way. In the meantime, I will be calling to check where he is.

Mr. Speaker: Very well. Just take steps to ensure that he is here by the time we get to the second round.

Hon. Member for Gwassi!

Question No.1139

PAYMENT OF HARDSHIP ALLOWANCE TO TEACHERS IN SUBA DISTRICT

Mr. Mbadi asked the Minister for Education:-

(a) whether he is aware that Suba District was gazetted by the Government as a hardship area in early 2010; and,

(b) when the Ministry will start paying hardship allowance to the teachers in the district.

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

(a) Yes, I am aware that there was a proposal in the year 2010 by the Ministry of State for Public Service to review the new hardship areas and allowances for all civil servants and teachers, and the report is yet to be officially released. The proposal classifies Suba District which comprises of Central and Gwassi divisions as moderate hardship areas. Currently, the Teachers Service Commission (TSC) pays teachers hardship allowances as per the areas listed in the Gazette Notice No.534 of 11th November, 1997, and which does not include Suba District.

(b) Teachers in Suba District will be paid hardship allowance when the review of the policy on areas designated as hardship areas and rates of the allowance payable is concluded and approved for implementation by the Ministry of State for Public Service.

Mr. Speaker, Sir, I have a letter here from the Ministry of State for Public Service which alludes to the fact that they are in the process of reviewing those areas. I hereby lay the letter on the Table.

(Mr. Mwatela laid the letter on the Table)

Mr. Mbadi: Mr. Speaker, Sir, this is actually the third time that this issue has come up on the Floor of this House. Actually, the last time the Minister was here, he was supposed to inform the House when the Ministry will start paying teachers in Gwassu Constituency, Suba District and other districts which are classified as hardship areas. The answer that I have received from the Assistant Minister is a bit surprising in the sense that it is vague on what the Ministry is going to do. The Assistant Minister has said that last year in July, the Government was supposed to have started paying hardship allowance to teachers and other public servants in my district. But, to date, the Government is talking about a policy. So, when is the Government going to finalize the policy decision because July 2010 is a long time ago? It is over one year now. When will teachers and civil servants working in my district going to be considered for payment of hardship allowance? That is what I would like to know from the Assistant Minister.

Mr. Mwatela: Mr. Speaker, Sir, it is true that this Question is coming on the Floor of the House for the third time but I would like the hon. Member to appreciate that it is not the responsibility of the Ministry of Education to designate hardship areas. That is why I have tabled the letter which is self-explanatory from the Ministry of State for Public Service indicating that they are in the process of reviewing those areas. Maybe, this Question is best placed to be answered by the Ministry of State for Public Service.

Mr. Mbadi: On a point of order, Mr. Speaker, Sir. I am sure you must have heard the Assistant Minister say that this Question would be better addressed by the Minister of State for Public Service. Based on what he has just said, I am also convinced that the Ministry may not answer this Question. Therefore, would it be in order if I ask that this Question be referred to the Minister of State for Public Service so that I can get a comprehensive answer?

Mr. Mwatela: Mr. Speaker, Sir, I am waiting for your direction. Maybe, the hon. Member can repeat the question because it was directed to you. He had asked whether this Question could be referred to the Ministry of State for Public Service considering that I have tabled a document which is self-explanatory.

Mr. Speaker: I have heard you now. Hon. Members, I was kept too engaged by your colleagues at my position. So, I did not follow the matter as raised by the hon. Member for Gwassu. Maybe, the hon. Member for Gwassu, you may want to repeat what you said.

Mr. Mbadi: Mr. Speaker, Sir, actually my concern is that from the Assistant Minister's answer, it is quite evident that the Assistant Minister is not comfortable answering this Question. He has actually stated that this Question could be well addressed by the Minister of State for Public Service. Therefore, since it is that Ministry which appointed the task force which carried out the survey and found out that my district is classified as a hardship area, would I be in order if I ask that this Question, therefore, be referred to that Ministry with a set timeline when the Ministry will answer as to when the Government will pay those teachers and civil servants who work in my district? My district has already been classified by the Government as a hardship area.

Mr. Speaker: Fair enough! I have now followed. Mr. Mwatela, do you have any objection?

Mr. Mwatela: I have no objection, Mr. Speaker, Sir. I have done my bit from the Ministry of Education. I have written to the Ministry of State for Public Service and I have the answer which states clearly that they are reviewing the policy. So, I have no

objection. They can come and state here, as a Ministry, when they will complete that exercise.

Mr. Speaker: In that case, I direct accordingly that this Question be referred to that Ministry of State for Public Service for an answer. Hon. Member for Gwassi, please note, it will be on the Order Paper again later on during this Session.

Mr. Mbadi: Mr. Speaker, Sir, thank you for that direction. But this issue has been outstanding for over one year. I would just request the Chair that, if possible, because they are seized of this information, if they could be given up to next week to answer this Question so that they can remove the anxiety of teachers and other civil servants in my constituency. They are anxious as to when the Government will honour the promise. Actually, this thing---

Mr. Speaker: Order, hon. Member for Gwassi! This is a straightforward matter and you have made your point. Much as I want to lean so much to hear you, I think you have made your point. We will direct that the Minister answers this Question at the earliest opportunity; as much as possible, next week on Thursday. Otherwise, it should be at the earliest opportunity.

Next Question, the hon. Member for Gichugu!

Ms. Karua: Mr. Speaker, Sir, I must begin by indicating that I have no written answer, but I will proceed to ask Question No.1029 as follows:-

Question No.1029

OWNERS AND DIRECTORS OF ZONAL HOLDINGS INVESTMENT

Ms. Karua asked the Deputy Prime Minister and Minister for Finance:-

(a) whether he is aware that the Government froze the assets of Zonal Holdings and Credit Investment Company Limited in 2001 after complaints by members of the public through Parliament that the said company had collected varying sums of money from them but failed to keep its promise;

(b) who the owners/directors of the company are and what the findings of the investigations of the case were; and,

(c) what the value of the frozen assets is and when the depositors will be paid their money.

Mr. Speaker: Order, hon. Members! Hon. Member for Gichugu, of course, I have heard you. I was just acquainting myself with the contents of a letter which has just been clubbed on me while sitting where I am. It is dated 18th October, 2011 from the Deputy Prime Minister and Minister for Finance. He is asking that this Question be deferred because there was a mix-up in his office. They received the Question on 10th June, 2011 but, somehow, it did not get to the department which is supposed to prepare the answer until 10th October, 2011. So, it has not been attended to. In other words, the Minister is asking for indulgence to be given time until next week on Thursday to answer the Question.

Ms. Karua: Mr. Speaker, Sir, this Question came last Tuesday and the Minister was ordered to answer it today. The normal procedure in the House is for a Minister to

stand at the Dispatch Box and seek the indulgence of the House. It appears that this particular Minister has little regard for the House. Is it fair that he be granted further time and he was granted time last week? This is a Question that has been asked in the Eighth Parliament in 2001.

Mr. Speaker: Hon. Member for Gichugu, you actually have a point and I understand your concern. It is actually very legitimate but, then, the information you have recited, unfortunately, I was not seized of it. I did not have it, neither did my lead Clerk-at-the-Table have it. So, that is the kind of situation that we find ourselves in. I am tempted to accord the Deputy Prime Minister and Minister for Finance time until Thursday next week, so that he comes to offer an explanation as to why he has not complied with directions given by the Chair last week for him to answer this Question today, and for us to be able to determine how best to deal with his conduct.

Mr. Imanyara: On a point of order, Mr. Speaker, Sir. The issue raised by Ms. Karua - and you appear not to have taken it - is whether it is in order for Ministers - and there are so many on the Front Bench - to address the House through a letter to the Speaker, rather than through a colleague in the House.

(Applause)

We seek your guidance on that because it is very important that Ministers recognize that they have a duty and an obligation to appear before this House rather than writing a letter directly to the Speaker.

Ms. Karua: On a point of order, Mr. Speaker, Sir. I remember that Mr. Nguyai was here. He is the one who sought indulgence on behalf of the Deputy Prime Minister and Minister for Finance. He does, on many occasions, appear here as his self-appointed deputy.

(Laughter)

He is in the House and he must have given the information to the Minister. Is the Minister in order to take both Mr. Speaker and the House for a ride and ask for a further week without disclosing that he already got indulgence of a whole week from the House?

(Mr. Nguyai stood up in his place)

Mr. Speaker: Just hold your horse! What is it, Mr. Olago?

Mr. Olago: On a point of order, Mr. Speaker, Sir. Further to what Mr. Imanyara and Ms. Karua have said, I wish to ask if the ruling that you have just given in respect of the Deputy Prime Minister and Minister for Finance will not dilute the provisions of Standing Order No.46 that says that it is gross disorder for a Minister to fail to answer a Question which is on the Order Paper.

Mr. Mbadi: On a point of order, Mr. Speaker, Sir. Further to what has just been raised by Ms. Karua and Mr. Imanyara, I remember that, last week, sanctions were imposed on the Deputy Prime Minister and Minister for Finance by the Chair for failing to bring a Ministerial Statement to this House. So, I really do not know but the Chair needs to take a further step now on this Minister because he has failed to answer

Questions and issue Ministerial Statements in the House. He has resulted in addressing the House through letters.

Mr. Speaker: Mr. Mbadi, perhaps, you will assist me. What sanctions were meted out on the Minister?

Mr. Mbadi: Mr. Speaker, Sir, I am at a loss! Maybe, we need to name the Minister because last time, he was sanctioned---

Mr. Speaker: Order, Mr. Mbadi! That now becomes extravagant! You have asserted that sanctions were imposed on the Minister. I have asked you what sanctions were imposed on the Minister.

Mr. Mbadi: Mr. Speaker, Sir, he was not to transact any business in the House until he issues that Ministerial Statement. So, he cannot even answer this Question.

Mr. Speaker: Very well!

(Mr. Nguyai stood up in his place)

Order, Mr. Nguyai! The Deputy Prime Minister and Minister for Finance is here now. You have followed what has transpired, maybe, partly. Are you in a position to make any response whatsoever?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Yes, Mr. Speaker, Sir. As has been stated, there was a sanction placed on my Ministry not to transact any business. That is why I wrote the letter which I have just heard is the subject of discussion. So, I would await your guidance as to how I would proceed as a result of the letter that I wrote to you explaining my situation. So, I am waiting for guidance in short.

Mr. Speaker: Very well, Mr. Minister. You may resume your seat. I will give you guidance as follows. First, with respect to the letter, the position is this: If you have an explanation to offer to the House as to your inability to be present or to answer a Question, then you must be able to do so either directly by yourself or by any other hon. Member of the Front Bench on your behalf to the House. That is because you are accountable to the House and not to the Speaker privately.

(Applause)

So that is the first guidance; that, in future, you must not – and confirm now – that the only way you will communicate with the House is by being personally present or being represented by a colleague or other agent who will speak to the House. Please confirm!

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, I confirm that I have understood and last week, a Question was being answered and there was a position put across that we had only received the Question the day before. After further verification, it has been confirmed that, indeed, the Question was received as stated on 10th June, 2011 and there was a mis-recording on the part of the staff at the Ministry and, hence, the Question was not recorded. Two Questions were received at the same time and only one was recorded as having been received. So, on behalf of the Ministry, I tender the apologies of the Ministry and state that, indeed, the Question had been received.

(Applause)

Mr. Speaker: Okay! Having said so and I understand your apology, the explanation is actually based on human error on the part of your staff, which is possible. Human error can be committed by any human being, including even hon. Members present this afternoon. The next thing then you must do is to answer the Question. I had been prepared to give you indulgence up to Thursday next week but, if you are in a position to answer it, then proceed and answer.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, I am, indeed, in a position to answer and say that Ms. Karua, indeed, asked Question No.1029.

I, therefore, beg to reply.

(a) I am aware of the complaints by members of the public regarding fraudulent activities attributed to Zonal Holdings and Credit Investment Company Limited.

(b) According to records held by the Registrar of Companies, the directors of Zonal Holdings and Credit Investments Company are as follows: Kelly Ochieng Dianga, P.O. Box 958, Webuye, a Kenyan. Another one is Hezron Kimori Mwaiko, P.O. Box 1667, Nkubu, a Kenyan; James Mwangangi Kajaita, P.O. Box 396, Litein, also a Kenyan.

(c) The closure of the company and investigations into activities of the company was based on a directive from the Attorney-General. The Attorney-General's Office is, therefore, better placed to provide details regarding the results of the investigations and any subsequent action that has been taken thereof. In this regard, we have written to the Attorney-General requesting him to avail that information to the House.

Ms. Karua: Mr. Speaker, Sir, in those circumstances, why did the Minister then not forward the Question to the Attorney-General for answering? Since he did not do so, would it be in order for you to direct that the Attorney-General answers the Question because it remains unanswered?

Mr. Speaker: That will be so from the answer given by the Minister. Mr. Kenyatta, do you have any objection to this Question being referred to the Attorney-General to answer?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, I have no objection.

Mr. Speaker: Very well! Then, this Question is deferred and referred to the Attorney-General who will be expected to answer within 14 days from today. Ms. Karua, please, note: 14 days from today, the Attorney-General will answer your Question.

Ms. Karua: Thank you, Mr. Speaker, Sir.

(Question deferred)

Question No.747

FATE OF "PYRAMID SCHEMES" MONEY HELD BY BANKS

Mr. C. Kilonzo asked the Attorney General:-

(a) what became of the approximately Kshs.5 billion held by the Central Bank of Kenya and other commercial banks in “frozen” accounts belonging to “pyramid schemes”;

(b) when the “pyramid scheme” victims will be refunded their money; and,

(c) why the Government has failed to institute criminal proceeding against the directors/proprietors/officials of the schemes.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, we have just finished a Cabinet meeting and so, he might still be on his way. So, maybe, we could give him a little bit more time.

Mr. Speaker: So, we give him the benefit of doubt that he will here to answer the Question.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Yes, Mr. Speaker, Sir. Thank you.

Mr. Speaker: We will come back to the Question. Mr. Kenyatta, ensure that he is here.

Mr. C. Kilonzo: On a point of order, Mr. Speaker, Sir.

Mr. Speaker: Order, Mr. C. Kilonzo! I have said that we will revisit the Question a little later. Honestly, at this point, that matter must rest there. We will come back to it in only another ten minutes.

Next Question, the Member for Keiyo South!

Question No.1035

PERCENTAGE OF FOREST COVER IN EACH COUNTY

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

(a) whether he could provide the percentage of forest cover in each county indicating how it compares with the national cover;

(b) whether he could further state the average forest cover in the country and indicate how it compares with the international forest cover; and,

(c) what measures he is putting in place to ensure that each county meets the national standard in forest cover.

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

(a) My Ministry is keenly aware of the need to establish the percentage of forest cover in each county of the country. That will include gazetted forests, forest in Government institutions, trust lands and private farm lands. Inventories undertaken in the past were based on ecosystems and not in accordance with the county boundaries. In this regard, and in accordance with the new Constitution, my Ministry is in the process of undertaking a comprehensive national forest resource mapping to be classified in accordance with county boundaries.

(b) According to international standards, a country is considered to be environmentally stable if the land is covered by 10 per cent of forest. This consideration takes into account where tree canopies overlap each other in a given area. However,

nations of the world are yet to agree on a harmonized definition and quality of tree cover and forest cover. Work for the harmonization of the definition of tree and forest cover is going on at the global level. Using the United Nations Environmental Programme (UNEP) reports on assessment of the status of world forests whose definition refers to the forests with a canopy density of over 40 per cent, the percentage of forest in Kenya, therefore, is 1.7 per cent, while based on Food and Agricultural Organization (FAO) definition, whose definition refers to areas with forest canopy of 10 per cent. The national forest cover is 5.9 per cent. Based on either definition, Kenya national percentage of forest cover is below the global average and, hence, requires an urgent and concerted national effort geared towards achieving and maintaining the constitutional requirement of, at least, 10 per cent tree cover of the land area of Kenya. Kenya has adopted the UNEP's assessment.

(c) My Ministry is putting in place the following implementation strategies to ensure that each county implements the Constitution standards in forest cover:-

1. Revision of all the forest policy and Acts to capture aspects of increasing tree cover in line with the Constitution.
2. Rehabilitate all de-forested and degraded areas.
3. Development of public/private partnership in the forest sector.
4. Promoting development, utilization, conservation and sustainable management of woodlands, bushlands, shrublands, forest resources in arid and semi arid lands for environmental stability and livelihood improvement.
5. Formulation of national forest programmes with clear county-based profiles to promote investments in the forest sector, especially in tree growing.
6. Mobilizing all stakeholders in the forest sector for effective participation in implementation of the constitutional requirement of increasing the national tree cover to 10 per cent.
7. Regularly monitoring the rate of increased forest cover using remote sensing control and field measurements.
8. Development of a framework to co-ordinate contribution of all sectors in tree growing in the country, including the Government, NGOs, CBOs, private sector and the media.
9. Developing guidelines on the implementation of the forest policy for achievement of forest cover in the counties.

Mr. C. Kilonzo: On a point of order, Mr. Speaker, Sir. You have given directions on many occasions that Ministers should be brief and precise to the point. The Minister is providing too much information and it appears as if he is making a Statement.

Mr. Speaker: Order, Mr. Minister! You are out of order because the Question is clear, straightforward and simple. So, give answers that are in summary form.

The Minister for Forestry and Wildlife (Dr. Wekesa): Mr. Speaker, Sir, I have actually finished. Lastly, it is setting standards and guidelines for counties for protection and for increased tree cover. Finally, we are going to enter into partnership and advocacy with other stakeholders and development partners to undertake projects to increase tree cover.

Thank you.

Mr. Kiptanui: Mr. Speaker, Sir, while answering the Question, the Minister said in part "a" that he is yet to establish the percentage of forest cover in each county. Then,

he said that he is in the process of undertaking comprehensive national forest cover or mapping based on county boundaries. When will that process start and how long will it take?

Dr. Wekesa: Mr. Speaker, Sir, generally speaking, we have 1.7 per cent tree cover, and because of the new Constitution, we are now undertaking our policy to conform to the requirements of the new Constitution. So, work is being done all over the country with the purpose of addressing issues of counties; obviously, that is going to take some time.

Dr. Khalwale: Mr. Speaker, Sir, the international practice these days is that communities and countries that have got forests earn carbon credits. Could the Minister explain how he intends, after he has done the audit and has realized how much each county will have in terms of forest cover, to ensure that the carbon credits for a particular county will end up being used because they are going to be worth billions of dollars?

Dr. Wekesa: Mr. Speaker, Sir, that is a very good question. Many Kenyans do not know the advantages of carbon credits. Some of the overseas companies that deal in carbon credits have been busy looking around Africa, and particularly in Kenya. In the Meru area, there is already a company that is doing inventories of all the forests on small-scale farms to actually find how much carbon is expected from each farmer. We hope that this is going to spread right throughout the country. It is going to be one way of empowering our people to benefit from carbon credits.

Dr. Khalwale: On a point of order, Mr. Speaker, Sir. The gist of my question was actually an attempt to have him disown this company from Meru, which is all over the country, including in Kakamega. That is not a Government entity. So, if they start claiming on behalf of Kakamega forest our carbon credits, who should we run to? How are you going to protect us? Do you as a Government intend to do your own valuation, so that we know our entitlement?

Dr. Wekesa: Mr. Speaker, Sir, indeed, that is exactly what we are doing by taking inventories. There is no way that overseas companies can do inventories without my officers being involved. In fact, in the Meru area, our officers are involved. We are going to make sure that our nationals are not exploited by this company. We are quite aware of what actually can happen.

Mr. Langat: Mr. Speaker, Sir, around 2009, many people were evicted from the Mau Forest, so that we could create room for planting trees, and actually a very high-powered Government delegation was there to plant trees. Could the Minister inform the House what percentage of the land in the Mau has since been planted with trees?

Dr. Wekesa: Mr. Speaker, Sir, I am not able to tell the hon. Member the percentage of land in Mau that has been rehabilitated, the reason being that it has not been easy to remove all those who had invaded Mau.

Mr. Langat: On a point of order, Mr. Speaker, Sir. I am asking the Minister about the people who were evicted from the forest, and some land was made available. So, could the Minister inform the House how much forest cover they have created on the land that was created out of the eviction of these people?

Dr. Wekesa: Mr. Speaker, Sir, on the land that we cleared the people from, a natural forest has already grown. In fact, in most of the areas, so long as there is no animal and human activities, natural forests have already grown.

Mr. Kiptanui: Mr. Speaker, Sir, the Minister has said that the Ministry is rehabilitating quite a number of forests. Could he inform the House how many acres he is rehabilitating per year? Can he compare them with the number of acreage being deforested by wananchi?

Dr. Wekesa: Mr. Speaker, Sir, I cannot give the House figures for the whole country. Should the House wish me to come out with figures that cover the whole country, I am prepared to come and read them out.

Mr. Speaker: That is fair enough.

QUESTIONS BY PRIVATE NOTICE

CIVIC EDUCATION ON GMO FOOD

Mr. Speaker: Is Ms. Chepchumba not here? Mr. Mututho, I thought you indicated that you were assigned to ask this Question.

Mr. Mututho: Mr. Speaker, Sir, before I ask this first Question by Private Notice on the Order Paper, I would like to say that I have information that hon. Chepchumba is indisposed. She had given me a full brief on what she wanted to ask and I seek your indulgence to ask the Question.

Mr. Mututho: Mr. Speaker, Sir, on behalf of **Ms. Chepchumba**, I beg to ask the Minister for Higher Education, Science and Technology the following Question by Private Notice.

(a) Does the Government have a plan to conduct civic education on the effects of consuming Genetically Modified Organism (GMO) food?

(b) Is the Minister aware that due to inadequate information on the importation, sale and consumption of GMOs, farmers in grain growing areas are suspicious of seeds being provided by Government agencies?

(c) How many experts on GMOs does the Government have in the country, particularly in Eldoret South, and can the Minister confirm to the House that no GMOs, particularly seeds, have been imported into the country?

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): On a point of order, Mr. Speaker, Sir. I do not know whether we have changed our Standing Orders because ordinarily Questions by Private Notice cannot be given to a third party to ask. That is why they are private. They come within 24 hours.

Mr. Mututho: On a point of order, Mr. Speaker, Sir. Standing Order No.1 gives you discretion to do some things. Hon. Ojode is privy to the fact that the Question is of great national importance and, therefore, it is quite in order for me to ask it.

Mr. Speaker: Order, hon. Mututho! A practice has been established painstakingly, and I am not about to deviate from practice lightly, at least not casually. I, therefore, decline to use my discretion. For the reasons that you have given, I will defer this Question to ten days away from today to be answered.

(Question deferred)

ORAL ANSWERS TO QUESTIONS

Mr. Speaker: Next Ordinary Question for the Second Time by hon. Baiya!

Question No.1125

SHORTAGE OF MAIZE IN KENYA

Mr. Speaker: Mr. Baiya not here? His Question is dropped.

(Question dropped)

Mr. Speaker: Next Question by Mr. Mwaita!

Question No.1145

PROVISION OF CLEAN WATER TO *KAMPI YA SAMAKI* RESIDENTS

Mr. Mwaita asked the Minister for Water and Irrigation:-

(a) whether she is aware that residents of Kampi ya Samaki Township are using water from Lake Baringo which has high fluoride content; and,

(b) what measures the Ministry will take to ensure residents of the township have access to clean water.

The Assistant Minister for Water and Irrigation (Mr. Waititu): Mr. Speaker, Sir, I beg to reply.

Mr. Speaker: Order! Hon. Waititu, the first thing you should do is to explain why you were absent-minded!

The Assistant Minister for Water and Irrigation (Mr. Waititu): Mr. Speaker, Sir, I am sorry about it.

Mr. Speaker, Sir, I beg to reply.

(a) I am aware that residents of Kampi ya Samaki Township are using water from Lake Baringo which has fluoride levels ranging from 1.4 mgF/l to 2.88 mgF/l. The area does not have adequate fresh water resources and ground water is saline. According to the Kenya Bureau of Standards (KEBS) 2007, the maximum permissible level of fluoride in water is 1.5 mgF/l. To alleviate this problem, my Ministry is working with the Catholic Diocese of Nakuru, who have installed a defluoridation unit with a capacity of 4,000 litres per day near the lake that reduces fluoride levels to the permissible level of around 1.5 mgF/l.

(b) My Ministry has allocated Kshs5.5 million to Marigat District Water Office in this financial year; out of which, Kshs2 million will be used to extend pipelines from Endao and Lobere boreholes to Kampi ya Samaki Township and the surrounding areas. The balance of Kshs3 million will be used in other rural water supplies.

Mr. Mwaita: Mr. Speaker, Sir, I wish to thank the Assistant Minister for giving an honest answer. The Assistant Minister, in part "b" of his answer, has said that he has set aside Kshs2 million to extend the pipeline from Endao to Kampi ya Samaki Township,

which is five kilometres away. That translates to about 1,000 pipes of two-and-half to three inches. Is the Assistant Minister satisfied that the Kshs2 million he has set aside is adequate to salvage the people of Kampi ya Samaki who have had serious problems of flourosis and diseases like *shtuka* for a very long time?

Mr. Waititu: Mr. Speaker, Sir, it is true that there is a big problem at Kampi ya Samaki Township. It is also true that there is no ground water in that area. The water that is available is saline. My Ministry will extend the pipeline. We have projected that Kshs2 million will be enough. Since we have a balance of Kshs3.5 million, we can still increase the amount that is available.

Mr. Chanzu: Mr. Speaker, Sir, the concern that I have is on the last sentence of the answer to “a”, where the Assistant Minister has said that he is working the Catholic Diocese of Nakuru, who have--- That is a private organization. What is the Government doing because it is its responsibility to take care of its citizens and not a private church organization?

Mr. Waititu: Mr. Speaker, Sir, as a Ministry, we appreciate the work that is being done by the Catholic Diocese. But our approach to this problem is to extend the pipeline instead of the machine that is doing the defluoridation.

Mr. Mwangi: Mr. Speaker, Sir, if you listened very carefully to the hon. Member who asked the Question, he mentioned that it is a distance of five kilometers. The Assistant Minister has said that they have provided Kshs2 million and yet, he can add a few more thousands to complete the project. Again, the church is also involved in the same project. Could the Assistant Minister be specific and say exactly what is the commitment of the Government in the provision of clean water?

Mr. Waititu: Mr. Speaker, Sir, I think there is some confusion by some hon. Members regarding this Question. There is Lake Baringo which has water that has some fluoride and the Catholic Church has a machine that reduces that fluoride at a rate of 4,000 litres per day. Our Ministry is working together the Catholic Diocese on that line. As a solution, we have Endao and Lobere boreholes which are five kilometers away. The Ministry wants to extend the pipeline from there. We have set aside Kshs5.5 million and we have Kshs2 million to use in that supply immediately.

Mr. Speaker: Last question, hon. Mwaita!

Mr. Mwaita: Mr. Speaker, Sir, I think the Assistant Minister has not answered the Question adequately. He has said that he has set aside Kshs2 million to extend the pipeline from Endao to Kampi ya Samaki, which is five kilometres away. That translates to about 1,000 pipes. Is Kshs2 million adequate or could he confirm that all the Kshs5.5 million will be used to resolve the water crisis in Kampi ya Samaki?

Mr. Waititu: Mr. Speaker, Sir, I discussed this Question with the hon. Member and he is aware that we have allocated Kshs5.5 million to Marigat District Water Office. The District Water Officer is ready to spend Kshs2 million on that project immediately. If the Kshs2 million will not be enough, the other Kshs3.5 million is still with the District Water Officer at Marigat and he is ready to use it to make sure that we realize the five kilometers of supply line.

Question No.1162

NUMBER OF NURSES RECRUITED UNDER

ESP IN BURA/GALOLE/GARSEN

Dr. Nuh asked the Minister for Public Health and Sanitation:-

(a) whether she could provide details of the nurses recruited through the *Economic Stimulus Programme* in Bura, Galole and Garsen constituencies and state the facilities to which they were posted and the respective dates of posting;

(b) what is the current shortage in the respective health facilities in the three constituencies and to what extent the shortage has affected service delivery in the health facilities; and,

(c) when she will recruit more nurses to address the shortage.

The Assistant Minister, Ministry of Public Health and Sanitation (Dr. Gesami): Mr. Speaker, Sir, I beg to ask for the indulgence of the House. I have discussed this Question with Dr. Nuh and think that I do not have enough material to supply him with an answer. So, I would prefer to answer it tomorrow afternoon.

Mr. Speaker: Are you comfortable with that, Member for Bura?

Dr. Nuh: Very much obliged, Mr. Speaker, Sir.

Mr. Speaker: Very well! It is so directed.

(Question deferred)

QUESTION BY PRIVATE NOTICE

OUTBREAK OF *DENGUE FEVER* IN MANDERA COUNTY

Mr. Affey: Mr. Speaker, Sir, I wish to apologize for the failure on my part to ask this Question early enough due to unavoidable circumstances. I wish to seek the indulgence of the Chair to allow me to ask this Question.

Mr. Speaker: Yes, you may proceed!

Mr. Affey: Mr. Speaker, Sir, I beg to ask the Minister for Public Health and Sanitation the following Question by Private Notice.

(a) Is the Minister aware of the outbreak of "*Dengue Fever*" in Mandera County, which has so far led to the death of 15 people?

(b) What emergency measures have been put in place to stop its spread and avert more deaths?

The Assistant Minister, Ministry of Public Health and Sanitation (Dr. Gesami): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware of the outbreak of *Dengue Fever* in Mandera East District. My Ministry received notification of an outbreak of febrile illness in the district on 22nd September, 2011. This was confirmed to be *Dengue Fever* through samples submitted to KEMRI and CDC on 23rd September, 2011. There were four deaths that were initially thought to be due to that illness.

(b) My Ministry has put in place emergency measures to stop the spread of that disease as follows:-

(i) All health workers have been alerted to be vigilant to detect, manage and report any case on *Dengue Fever* outbreak.

- (ii) Other specific responses include mosquito vector control measures; cleaning up of the town to interrupt mosquito breeding, treating domestic water systems to interrupt mosquito breeding grounds and discourage fresh breeding of mosquitoes; spraying indoor and outdoor to eliminate mosquitoes, encouraging the use of insecticides treated mosquito nets and tropical mosquito repellants and spraying major hospitals, health facilities and schools.
- (iii) Provision of drugs for patient management, outdoor spraying equipment and insecticides for spraying in and out of houses and Kshs400,000 to support surveillance services.
- (iv) Tracing of new cases in the community.

Mr. Speaker, Sir, in conclusion, there has been a decline in the reported number of cases. Out of the reported deaths, none can be categorically attributable to *Dengue Fever*.

Mr. Affey: Mr. Speaker, Sir, first of all, I want to thank the Assistant Minister for agreeing with me that there is outbreak of this dangerous disease in Mandera County. This has a very strong possibility of moving quite quickly to the counties of Wajir and Garissa. I also I want to thank him for agreeing with me that there were deaths reported in Mandera as a result of this outbreak. He says four people have so far died. However, the information we have is that more than 15 people have died. This outbreak is felt throughout Mandera County. It is very difficult to have a surveillance report throughout the county.

Mr. Speaker, Sir, I am surprised with the reaction by the Ministry, because in a matter like this where deaths are reported, in other parts of the country, apart from Northern Kenya, particular where they reported ebola or specific cases of dangerous disease, there is a notice that comes out from the Ministry quite immediately alerting the country. In this particular case, somehow they just ignored that something serious was happening. He says that out of the reported deaths, none can be attributed to "*Dengue fever*" yet he says four people have died. He has also confirmed that there is an outbreak of this disease. What killed these four people that he confirmed they died?

Dr. Gesami: Mr. Speaker, Sir, I have indicated that no attributable deaths to this illness. However, there are four people who died. We do not know what they died from. The samples we got from Mandera are actually showing that there is this outbreak. However, I cannot confirm that the four people died from this disease. What I am trying to say is the reality.

Mr. Njuguna: Mr. Speaker, Sir, the Assistant Minister has confirmed that four people died as a result of this outbreak. What financial assistance has the Ministry extended to the immediate families who have lost their loves ones?

Dr. Gesami: Mr. Speaker, Sir, we have not had any requests from the families. As soon as we get any request, we shall see how we can assist them.

Mr. M.H. Ali: Mr. Speaker, Sir, in his answer, the Assistant Minister says they allocated about Kshs400,000. He is talking of four people having died as a result of this outbreak.

Mr. Speaker, Sir, I can confirm here that over 30,000 people and 10,000 families have been affected in Mandera Town. What would Kshs400,000 do to mitigate this situation? This disease was reported on 2nd September, 2011. Today is 18th October, 2011 and yet, he says this matter is being properly addressed. In fact, he has said the number of

cases is reducing. However, most of the Government workers cannot attend to their duties because of this disease. Most of them are sick and cannot work.

Dr. Gesami: Mr. Speaker, Sir, I have just indicated the fact that the Kshs400,000 is for surveillance. However, we have asked for more funding from the Treasury to address this issue.

Dr. Nuh: Mr. Speaker, Sir, we had information from the residents of Mandera that just a week before the outbreak of this “*Dengue Fever*”, there was organization which was purportedly distributing sterile mosquito nets into Mandera District. That is what really caused the “Dengue fever”. What can he say about this allegation?

Dr. Gesami: Mr. Speaker, Sir, this an ioness brought in by mosquito bites. We are trying to provide nets to residents so that these mosquitoes do not bite them. This is really what we have tried to do.

Mr. Speaker, Sir, you have heard the elaborate provision that we have done as a Ministry. We are continuing to make sure that we bring this disease under control.

Dr. Nuh: On a point of order, Mr. Speaker, Sir. I do not know whether the Assistant Minister heard my question. I am saying a week before the outbreak of “*Dengue Fever*” in Mandera; there were allegations and reports from the public out there, that there was some organization which went round distributing mosquito’s nets, purportedly, the sterile mosquito nets. What could he say about this allegation?

Dr. Gesami: Mr. Speaker, Sir, that is new information and we will investigate to find out what exactly occurred.

Mr. Affey: Mr. Speaker, Sir, now that the Assistant Minister has confirmed that he is ready to go the extra mile of assisting these families, as a result of the intervention by the hon. Member, I am sure that he wants to follow up this matter with his officers and compensate these families. However, in terms of concrete measures, what are they doing as a Ministry to stop the possibility of this disease spreading to Wajir County? This is because the next stop might be Wajir County and the casualties might be more? What are you doing to stop the spread of the disease?

Dr. Gesami: Mr. Speaker, Sir, I think I have answered that question. I have elaborately said specific response measures that the Ministry is putting in place. So, this is covered in the answer, I have given you, Mheshimiwa!

Mr. Speaker: Next Question, Member for Juja!

Question No 901

BLOCKAGE OF SEWERAGE SYSTEM IN THIKA

Mr. Kabogo asked the Deputy Prime Minister and Minister for Local Government:-

(a) whether he is aware that the sewerage system in Majengo Estate in Thika has been blocked for over three years resulting in waste drainage into Chania River and increasing the risk of water-borne diseases to residents of Thika; and,

(b) when the Thika Municipal Council will repair the sewer.

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Local Government (Mr. Nguyai): Thank you, Mr. Speaker, Sir. First, let me apologise, I was not here the first time round when the Question was asked. I really want to apologise for that.

Mr. Speaker: Very well, proceed!

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

(a) Mr. Speaker, Sir, I am aware that the sewerage system in Majengo Estate has been blocked for over three years. This is due to waste water from kitchen which sinks into the low lines and discharge into the open some water drains. Original design of the drainage system in the Majengo Estate was to allow leaches water to flow into the open drains.

(b) The Council has issued notices to plot owners to pay the relevant fees and charges to Thika Water and Sewerage Company so that they can be connected to the sewer system. The council will enforce the same using the Public Health Department to ensure plot owners connect waste water to the sewerage system. Failure to which, the council will use legal means to force the plot owners to arrest the situation.

Mr. Speaker, Sir, further, the Municipal Council of Thika has requested the Thika Water and Sewerage Company to carry out further investigations to establish whether there could be sewer leakage. If any, take remedial action immediately.

Mr. Speaker, Sir, finally, I wish to assure the hon. Member for Juja that my Ministry will take all necessary steps to ensure there are improved sanitary conditions in Majengo Estate. Any nuisance that can be injurious to public health would be addressed accordingly.

Mr. Kabogo: Mr. Temporary Deputy Speaker, Sir, let me thank the Assistant Minister for a job well done.

Last week, this Question was in the House and the answer was in the negative. Now you can see he has a proper answer that he is aware that the sewer system is blocked and that remedial action is being taken. Now that he is aware that the sewer is draining into the river and this matter needs to be dealt with urgently. Could he undertake to make sure they stop this sewer from draining into the river immediately?

Mr. Nguyai: Yes, Mr. Speaker, Sir, we would undertake to ensure that we deal with the issue of sewer pouring into the river as quickly as possible. We have even further communicated through the Municipal Council of Thika to the Managing Director of Thika Water and Sewerage Company, to ensure improved sanitary conditions in Majengo Estate. I hereby tabled the letter.

(Mr. Nguyai laid a document on the Table)

Mr. C. Kilonzo: Mr. Speaker, Sir, Athi River downstream is heavily polluted as a cause of poor sewerage system in Thika Town. The Assistant Minister did undertake to visit the lower parts of Athi River. I really suggest that he visits Monyo, Kithimani and Katangi areas where we have dead fish as a result of raw sewer flowing into Athi River. Could he undertake and assure this House that he will visit those areas. I am willing to accompany him with the other leaders.

Mr. Nguyai: First and foremost, Mr. Speaker, Sir, I would want to assure the hon. Member that I am willing to visit the particular sites, but I would want a clarification

from him, or probably from any other hon. Member, if the source was only one. If it was only this one source, then we have dealt with it adequately. If there are other areas where sewer, or waste water, is getting into the river, then I would want a clarification so that we have a comprehensive visit.

Thank you, Mr. Speaker, Sir.

Mr. Kabogo: Mr. Speaker, Sir, Athi River gets its water also from Ruiru River and a similar Question was put to, I think, the Prime Minister – Question No. 14 – and the Minister for Public Health and Sanitation, Mrs. Beth Mugo, gave an undertaking to the House to visit this river with hon. Michuki and the Minister for Water and Irrigation. That has never happened. I would like to draw the attention of the House to the Hansard of Wednesday, 4th May, 2011, when that undertaking was given.

Mr. Speaker, Sir, would I, therefore, be in order to request the Minister for Local Government to undertake to co-ordinate an inter-Ministerial team, as promised by Mrs. Beth Mugo, to visit Ruiru River, which is also a tributary of Athi River; it suffers the same fate of sewer flowing into it, causing people in Yatta and other places downstream to drink water polluted with sewer? Can the Assistant Minister undertake to co-ordinate the four Ministries?

Mr. Nguyai: Mr. Speaker, Sir, the hon. Member said that Mrs. Beth Mugo gave the undertaking to co-ordinate. So, what I would want is a clarification. Am I taking over the undertaking of Mrs. Beth Mugo, the Minister for Public Health and Sanitation?

Mr. Kabogo: Mr. Speaker, Sir, the Assistant Minister was not listening. I said that this was an inter-Ministerial matter for the Ministries of Local Government, Public Health and Sanitation, Environment and Mineral Resources and Water and Irrigation. So, it was in the same spirit that I was asking that he takes up the matter. I have referred him to the Hansard of Wednesday, 4th May, 2011. The undertaking should be taken seriously this time; he should combine the two issues to stop Kenyans from drinking sewer water.

Mr. Nguyai: Mr. Speaker, Sir, as a co-coordinative role, I can undertake to look at both the issue of Thika and Ruiru respectively and make sure that the various Ministries co-ordinate and come out with a proper solution.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: Very well. The hon. Member for Yatta!

Question No.747

FATE OF “PYRAMID SCHEMES” MONEY HELD BY BANKS

Mr. C. Kilonzo asked the Attorney-General:-

(a) what became of the approximately Kshs5 billion held by the Central Bank of Kenya and other commercial banks in “frozen” accounts belonging to “pyramid schemes”

(b) when the “pyramid scheme” victims will be refunded their money; and,

(c) why the Government has failed to institute criminal proceeding against the directors/proprietors/officials of the schemes.

The Attorney-General (Prof. Muigai): Mr. Speaker, Sir, first, I want to start by apologizing to you and to the House, because I was in another meeting where I was delayed; my profound apologies.

Secondly, Mr. Speaker, Sir, I would wish to beg your indulgence that I be given two weeks to formulate a proper and considered answer to this Question. My attention has been drawn to the fact that this matter was first brought before the honorable House in April, 2008, and has been on the Floor of the House on six previous occasions. Since it was last before the House, the office of the Attorney-General, and the office of the Director of Public Prosecutions (DPP) have been split. I have an answer here formulated by the office of the DPP that partly addresses the question of pending prosecutions. I do not have a similar answer on the two parts that I think most concern the hon. Member for Yatta; that is parts “a” and “b.”

Mr. Speaker, Sir, I undertake that within two weeks, if that pleases you, I will be happy to bring a more comprehensive answer.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: The hon. Member for Yatta, are you comfortable with deferment to two weeks away?

Mr. C. Kilonzo; Mr. Speaker, Sir, I have no problem; I am a very patient man. But you will agree with me that this Question has been deferred seven times since April. Since the Attorney-General is new on the job, I will be very kind to him. But after two weeks, I do not think I will be prepared to accept anything else other than a good reason why the Government has failed to investigate the proprietors and directors of these companies, which looted billions of shillings from innocent Kenyans.

Mr. Speaker: The hon. Member for Yatta, now that you have agreed to accommodate the Attorney-General, I think the matter must rest there. The Attorney-General is a new broom, and we have a lot of expectations from him which, I am sure, he will discharge.

(Dr. Khalwale stood up in his place)

That matter is closed, the hon. Member for Ikolomani! Let it rest there!

Hon. Members, that brings us to the end of Order No. 6. Before we take Order No. 7, I think I have a Communication to give.

COMMUNICATION FROM THE CHAIR

NOMINATION OF CHAIRPERSON/MEMBERS OF COMMISSION ON ADMINISTRATIVE JUSTICE

Mr. Speaker: Hon. Members, allow me to give the following communication.

As you are aware, Section 9 of the Commission on Administrative Justice Act, 2011, provides that the Commission on Administrative Justice shall consist of a chairperson and two other members appointed in accordance with the Constitution and the provisions of the foregoing Act. On procedure for appointment of the chairperson and members of the Commission, Section 11 (6) of the Act provides:

“Until after the first general election after the commencement of this Act, the President, in consultation with the Prime Minister, shall, within seven days of receipt of the names forwarded under subsection (5)---“

That is from the selection panel;

“nominate one person for appointment as chairperson and two persons for appointment as members of the Commission, and shall forward the names of the persons nominated to the National Assembly.”

The National Assembly is then required under Section 11 (7) and (10) to consider, within 21 days of the day it next sits after receipt of the names of the nominees received, and approve or reject any nomination and request the names of new nominees. A letter from the office of the Permanent Secretary, Secretary to the Cabinet and Head of the Public Service dated 11th October, 2011, advised the office of the Clerk that after consultations between his Excellency the President and the Right Honorable Prime Minister, his Excellency the President had nominated the following persons for approval by the National Assembly for the positions indicated here below.

1. Mr. Otiende Amolo, EBS, for the position of chairperson
2. Ms. Regina Gathoni Mwatha, EBS, for the position of member, and;
3. Ms. Saadia Abdikadir Mohamed for the position of member.

Hon. Members, I direct that these names and the accompanying Curriculum Vitae (CV) be forwarded to the Constitutional Implementation Oversight Committee (CIOC) for consideration, prior to approval by the House. The CIOC is subsequently hereby directed to table its report in the House on or before Wednesday the 2nd of November, 2011.

I thank you.

Next order!

MINISTERIAL STATEMENTS

(Ms. Karua and Mr. Mungatana stood up in their places)

Mr. Speaker: Order, Ms. Karua and Mr. Mungatana! We will first take a Statement from the Minister for Education. He has two Statements to make.

Mr. Assistant Minister, try and be brief so that you can leave ten minutes!

IMPLEMENTATION STATUS OF HOUSE RESOLUTION ON INCREASE OF EDUCATION FUNDS

The Assistant Minister for Education (Mr. Mwatela): Mr. Speaker, Sir, I will be very brief.

Mr. Speaker, Sir, this is a Statement with regard to the implementation status of the resolution of the House on 20th April 2011 on doubling and tripling of free secondary and primary education funds, respectively.

I beg to give a report on the implementation status of the House resolution adopted on the 20th April 2011. While taking cognizance of the House resolution urging the Government to double the grant per child in secondary schools from Kshs10, 265 to Kshs20, 530 and that of primary schools from Kshs1, 020 to Kshs3, 060, I wish to report

to this House that my Ministry on the 20th of January 2011 through a Gazette Notice No.1068 established a task force to align the education sector to the new Constitution.

One of the key demands of the Constitution is the provision of free basic education to every child as a right. These provisions have financial implications of enormous levels.

Mr. Speaker, Sir, the task force has been mandated to:-

1. Analyze the implication of the new Constitution on education and training for national development.

2. Review the education in relation to relevance, access, equity, quality and responsiveness to Vision 2030.

3. Review of investment in education, both public and private.

In view of this, the task force was expected to submit to me feedback on priority areas that include financing of education at all levels and modalities for resource mobilization, to ensure the provision of free and compulsory basic education. The task force has undertaken a series of activities that include literature review on financing education, review of submissions from professional bodies on education issues, collection of views from the 47 counties and engaging consultants to inform the report.

Mr. Speaker, Sir, already the zero draft has been presented to my Ministry for comments and the same has been sent back to the task force for polishing of the grey areas, particularly on the unit cost which must be informed by the prevailing market rates and inflationary trends.

A final report will be submitted to my Ministry by 30th November 2011 and, thereafter, a national conference on education shall be held to ratify the policy document.

That is the first Statement. The second Statement is much related to this one and it will take the same amount of time.

IMPLEMENTATION STATUS OF HOUSE RESOLUTION
ON DEVELOPMENT OF SCHEMES OF
SERVICE FOR NON-TEACHING STAFF IN SCHOOLS

Mr. Speaker, Sir, again this is on the implementation status of the resolution of the House of 20th April 2011 on development of schemes of service for non-teaching staff for both primary and secondary schools.

Mr. Speaker, Sir, I wish to submit to this House the report on the implementation status on the resolution of the House passed on the 20th of April 2011 with regard to the development of a scheme of service for non-teaching staff for both primary and secondary schools.

In the years 2003 and 2008 when the Government introduced free primary education and free day secondary education respectively, a specific grant was voted to schools for paying personal emoluments. In primary schools the capitation has been Kshs110 per child while in secondary schools, the capitation has been Kshs3, 965 per child. This arrangement has inherent weaknesses as school management committees and Board of Governors (BoGs) have the discretion of deciding what to pay.

In addition to this, the special needs schools received additional funding towards salaries for support staff due to their specialized nature of work. In January 2011, the Ministry established a task force to align education to the Constitution. One of its critical

terms of reference is to look into the priority areas that include financing education at all levels and modalities for resource mobilization, to ensure free basic education.

The task force, in its first draft report to my Ministry, has observed that the free primary education and free day secondary education grants are inadequate and should be reviewed on the basis of unit cost analysis while adjusting for any inflationary effects.

Mr. Speaker, Sir, a technical committee comprising officers drawn from my Ministry has been constituted to study the implications of the above recommendation and come up with a realistic unit cost of both primary and secondary education in Kenya which will include sustainable schemes of service for non-teaching staff. The technical committee has already prepared a work plan, established a desk review process, developed instruments for data collection and is in the process of finalizing the subsequent stages of its report. The committee is expected to submit its findings by 30th November 2011.

Thank you.

Mr. Speaker: Very well! We will take the Minister in charge of internal security.

(Mr. Chanzu stood up in his place)

These were just reports on the implementation status, so I think hon. Members could still take any further issues with the Assistant Minister away from the plenary unless it is a very pressing request for clarification; is it not so, Member for Vihiga?

Mr. Chanzu: Mr. Speaker, Sir, it is not. I just wanted to thank the Assistant Minister for that elaborate Statement. Since this is a very important subject and it touches on the lives of almost everybody in the county, I am just wondering whether it could be proper for us to explore ways of speeding it up through the Committee on Implementation which we have established in this Parliament.

Mr. Speaker: I think you can take that as a separate matter. Commendation for the Assistant Minister for following up on the resolutions of the House, of course, is very helpful. It is actually deserved.

I am sure Members of the Committee on Implementation established by the House have heard you and will do what they ought to do to discharge their mandate. Otherwise, they now know that you are asking questions.

Lets us take the Minister in charge of internal security!

EVICITION NOTICE TO GENERAL SERVICE UNIT OFFICERS

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, on Thursday, 13th October, 2011, the Member of Parliament for Gichugu, hon. Martha Karua, requested for a Ministerial Statement on the eviction notice issued to General Service Unit (GSU) officers who have been living in Kabarnet Gardens. In her request, the hon. Member wanted clarification on the following:-

- (i) the circumstances surrounding the eviction notice;
- (ii) which other quarters these officers were going to move into;
- (iii) whether the notice took into account the fact that the officers have families and some of their children are candidates in national examinations starting this week;

(iv) whether the notice can be extended to the end of this year as alternative accommodation is sought; and,

(v) whether I could ensure that the families remain at their residences as I prepare to present this particular Statement.

Mr. Speaker, Sir, early this year, the Commissioner of Police directed that the GSU take over duties of providing security at Wilson Airport on a 24-hour basis due to terrorist threats, and it was found that the Platoon at Kibera was best suited for this new assignment. This additional responsibility, therefore, required additional personnel from the Platoon in order to meet the obligation effectively.

With the additional personnel, a problem of accommodation arose, prompting the Department to conduct an audit of houses allocated to GSU, Kibera Lines. The audit revealed that other than “J” Company personnel, 13 other security officers from other units of the GSU, regular police and NSIS officers were also occupying houses in the GSU Lines. They were, therefore, ordered to vacate the houses in Kibera to create room for the additional personnel.

Mr. Speaker, Sir, all the GSU personnel who are required to vacate the houses in Kibera have houses in their parent stations. Therefore, they have quarters to move into. Those who are residing at Kabarnet Gardens are temporarily housed there using unit-huts or tents. Otherwise they have permanent houses within their Companies.

The notice was given, considering the welfare of the affected officers, and especially considering that they have officers. However, it should be noted that there is urgent need to safeguard all our strategic installations against threats posed by terrorist groups. This can be effectively achieved only if proper measures, including housing, are put in place for the officers charged with this responsibility. Further, some of the officers affected were enjoying double-allocation of police quarters.

Mr. Speaker, Sir, due to the housing constraint within the National Police Service, we are not contemplating extending the notice to the end of the year as this would greatly affect the effective deployment of GSU officers to secure Wilson Airport, which is of critical importance to our country.

Thank you.

Ms. Karua: Mr. Speaker, Sir, while not questioning whichever manner the Ministry wishes to handle security affairs, does the Assistant Minister admit that the notices were given last week to particular officers, and is one week enough to ask somebody to vacate a house? We are talking of houses, and not unit-huts. I am aware of this Camp. I know that it has houses, and not unit-huts.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I need to explain further to the “Iron Lady” in order for her to know how the GSU---

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

Mr. Speaker: What is it, Member for Gichugu?

Ms. Karua: Mr. Speaker, Sir, I am unable to recognise the reference that the Member for Ndhiwa is making to me. Is he in order not to refer to me by my official title?

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

Mr. Speaker: Order! Order, Member for Chepalungu! The Member for Gichugu does not wish to be informed, and she has said as much.

Hon. Orwa Ojode, from the records available to me, I do not know of any hon. Member in this House known as the “Iron Lady”. Could you, kindly, withdraw and apologise to the Member for Gichugu? I know you may want to get close to her but that is not the way to do it.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, it is not a question of “wanting to get close to her”. We are close!

(Laughter)

Mr. Speaker, Sir, that notwithstanding---

Ms. Karua: On a point of order, Mr. Speaker, Sir. This should be a serious House, and not a place to come and bring jest here. Close? Close as in across the aisle or close how? This is not a House to come and make unwarranted insinuations. Could he withdraw or substantiate what “closeness” he is referring to?

Mr. Speaker: Order! Order! Member for Ndihiwa, now that the hon. Member for Gichugu is not prepared to accept any reference to her as “iron lady” even if it is in jest or an attempt by you to want to get close, could you, please, withdraw the words “iron lady” and the words that you are already close to her and apologise?

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

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Who do you want to inform?

Mr. Ruto: You!

Mr. Speaker: Order, Mr. Ruto! Proceed, hon. Orwa Ojode.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I withdraw and apologise, and I want to be serious on this particular issue.

Mr. Speaker: Order! You withdraw both the reference to the Member for Gichugu as “the iron lady” and the claim that you are already close to her. I want you to be clear and categorical.

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I have already said that I have withdrawn.

I just want to give her the details of how the GSU personnel are being housed. Firstly, when we remove an officer from a platoon and take him to guard, say, Mr. Speaker’s house or hon. Ojode’s house, this particular officer would be having a house where he comes from. So, in hon. Ojode’s compound or hon. Speaker’s compound, he or she will be temporarily housed through a unit-hut or tent. So, it is not a question of them not having houses. They have houses. If we withdraw their services from Kabarnet Gardens, they are supposed to go back to their original houses, which are within Nairobi.

(Dr. Khalwale stood up in his place)

Mr. Speaker: Very well. Member for Ikolomani, do you have interest in this matter?

Dr. Khalwale: Yes, Mr. Speaker, Sir. It is very common these days to see junior police officers shoot their seniors to death. This is because senior police officers are not sensitive to matters of welfare. I know the houses that the Assistant Minister is talking about. Some of the officers there have children going to school. Some of these are primary school children who are possibly in Standard Eight, and who are due to sit for their national examination shortly. So, when you give them notice to leave, how do you expect their children to continue enjoying school and other social amenities? Could the Assistant Minister extend that timeline, so that the officers can have time to move out slowly?

Mr. Speaker: Hon. Ojode, could you, please, just take a note of the issues being raised? Apparently, there is more interest in this matter than I thought.

You are now rescued, Member for Gwasi. Are you happy, Member for Gwasi? I have asked him to take a note, so that we can expedite this matter to conclusion.

Mr. Mbadi: Mr. Speaker, Sir, just as hon. Khalwale said, this matter is really serious – giving police officers two days or so to move. Could the Assistant Minister commit himself to this House that, truly, these houses in question are temporary, and that if the facts are found to be in the contrary, he will take responsibility?

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I explained earlier that these officers are permanently living at the Drive-In GSU Quarters. That is where their platoon is housed. That is where they come from. If we allocate them duties elsewhere within Nairobi, they will be staying in their tents for purposes of safeguarding the interests for which they have gone there. However, the majority of these officers leave their families within their original Company base. So, we have not transferred anybody. The only thing is that we are removing some officers from there and taking them to Wilson Airport. At the same time, we are going to house them there through the unit-huts because, ordinarily, they have houses, where they live in, within their camp. There is Camp “J”. There is Camp “K” and many other camps. That is what has happened. So, we have not transferred these officers with their families. We have not transferred them with their families. Their families reside within the original platoons; within the company where they are.

Mr. Ruto: That is not true---

Mr. Speaker: Order! Member for Chepalungu, that is not the way we conduct business here. If you want to rise on a point of order, then you say so. You do not just start talking. I think you should apologize. It is only courteous.

Mr. Ruto: I apologize, Mr. Speaker, Sir.

Mr. Speaker: What is your point of order?

Mr. Ruto: Mr. Speaker, Sir, I would like to know whether the statement by the Assistant Minister is actually true and can be verified that none of these officers have their children residing with them at Kibera. Could he really confirm that as a matter of fact? If, indeed, the contrary is proven, would he be ready to face the wrath of the House?

Mr. Speaker, Sir, I also want to highlight the fact that it is quite obvious that if the Government is desirous of immediately beefing up security, they would remove those huts at Wilson Airport instantly. I am sure they have not taken planes to Somalia even right now and they are dealing with a more serious security issue. What does he really

mean when he tell us that he cannot secure Wilson Airport unless some officers are actually evicted from Kibera?

There are other Government police quarters which are closer to Wilson Airport. It is better if we could get very candid and clear information from him on the matter of these officers. It is clear that children could be sitting for exams. Why is he traumatizing families?

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, we are dealing with a very sensitive issue. I have seven officers who have been ordered to move from the J Company and their names are here. I do not need to read out the names. Only two officers have since declined to move out. The two names are also here. I will share them with Ms. Martha Karua.

I can table the names for us to share. However, because of the security issues involved, I would really be obliged. I want to assure this House that whenever I answer any question of any nature it is true and it will always be the truth because anything to do with security we take very seriously. That is when the Government can also be felt.

Mr. Speaker: Very well. That matter must rest there. You are at liberty to share that information with among others, the Member for Gichugu and the Member for Chepalungu.

Mr. Deputy Prime Minister and Minister for Finance, you have a Statement to issue?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Yes, Mr. Speaker, Sir. I have two Statements.

Mr. Speaker: How long are they? Each of them will take an estimate of how many minutes?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Less than five minutes.

Mr. Speaker: You may proceed!

CONTINUED DEPRECIATION OF THE KENYA SHILLING

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, I wish to make a Ministerial Statement on the recent developments in the shilling exchange rate, while at the same time responding to requests by the Member for Gwassi and the Member for Githunguri who sought the same on 16th June, 2011 and on 26th July, 2011, respectively.

Mr. Speaker, Sir, since July, 2011, the shilling has substantially weakened against the US dollar, sliding from about Kshs80 in January, 2011 to about Kshs107 on 11th October, 2011. The depreciation has not only been rapid, but has also been very volatile.

The weakening of the shilling against the international currencies is associated with increased demand for foreign exchange, reflecting large imports of oil because of the sharp rise in prices of crude oil in the international markets. In addition, the increase in demand for foreign exchange also reflects large imports of maize necessitated by the adverse impact of drought in Kenya. The volatility of the shilling caused uncertainty in the foreign exchange markets and, therefore, triggered panic buying of dollars with market players, including banks, taking dollar positions that also worsened the situation.

Mr. Speaker, Sir, the depreciation of the shilling has raised the cost of fuel and transportation as well as other imported raw materials, thereby putting pressure on inflation and increasing the cost of doing business in Kenya. The weaker shilling has also increased the shilling cost of Government external debt thus putting pressure on budgetary resources.

Mr. Speaker, Sir, with regard to the actions the Government is taking to stabilize inflation and the shilling, first and foremost, I wish to inform the House that a number of actions have already been taken by the Central Bank of Kenya to address the issue. These include tightening of monitoring policy by raising the policy rate by 400 base points to 11 per cent. This action will tighten credit conditions and reduce demand pressure which will in turn ease inflation and stabilize the exchange rate.

The Central Bank of Kenya stands ready to take further actions in this regard if necessary to stabilize the shilling. The Central Bank of Kenya has lowered the foreign exchange exposure limit of commercial banks from 20 per cent to 10 per cent intended to ensure the foreign exchange markets are also streamlined.

To mitigate the impact of tightening monetary policy on interest rates, the Government is in the process of reviewing once again its recurrent expenditure with a view of cutting back again on non-critical areas. We are mindful that containing Government expenditure will contribute to easing inflationary pressures and reduce imports.

Overall, the Government is committed to living within the budget framework that I announced recently.

Mr. Speaker, Sir, with these measures that we are taking, we are, indeed, confident that the current pressures on prices and exchange rate will subside going forward. In this regard, we are already seeing the shilling firming up against major international currencies. As of yesterday, it had strengthened to Kshs99.2 to the US dollar.

We are also discussing with the IMF on the possibility of availing additional resources under the ongoing extended credit facility arrangement. Overall, these actions we believe, will encourage banks to re-align their portfolios, stem capital outflows and boost foreign exchange reserves thereby restoring stability in prices and the shilling exchange rate in the intermediate term.

In conclusion, the Government wishes to re-affirm that the underlying economic conditions are, indeed, still broadly sound and it remains fully committed to take actions to restore macro-economic stability, if and when needed.

Lastly, I wish to call upon all players in the foreign exchange markets to trade responsibly as their actions will ultimately affect the business community and Kenya. It is, therefore, incumbent upon all of us to be responsible in our day to day operations, so that we continue to put this country on a sound economic footing.

Thank you, Mr. Speaker, Sir.

Mr. Speaker: Members, we want to begin with the Member for Gwassi. Deputy Prime Minister, please, take notes.

Mr. Mbadi: Mr. Speaker, Sir, I am not sure how many issues I could raise with the Minister.

Mr. Speaker: You are allowed two as the originator of the request.

Mr. Mbadi: Mr. Speaker, Sir, could you allow me three? I will be very quick. First of all, I am sure the Minister is aware that the money market is a very volatile market. Therefore, sending mixed signals is disastrous. Why did the Governor of the Central Bank give conflicting reaction to the depreciating shilling first, by saying that the Government or the Central Bank would do nothing and later, sending even a more dangerous signal by informing the public that there are five banks which are involved in the hoarding of Dollars?

Secondly, among some of the measures that the Minister has proposed or the Government is suggesting to take up, I did not hear the Minister mention reducing the demand on the Dollar by shifting our attention or encouraging demand for other stronger currencies like the Euro and the Pound, so that he could reduce the pressure on the Dollar. How is the Deputy Prime Minister and Minister for Finance trying to encourage the various Government departments which are involved in implementing donor-funded projects to increase their absorption rate, so as to bring in more Dollars into the economy and reduce the pressure or the demand on the Dollar and increase the supply of the Dollar?

Finally, could the Minister confirm to us whether it is really true that there are five banks which are involved in hoarding of the Dollar or foreign currencies? If so, which are these banks? He probably needs to go ahead and confirm to us whether Stanbic is one of them and who are the forces behind or the key people behind this kind of hoarding?

Mr. Speaker: Very well. The rest of the Members interested will be allowed one request for clarification each.

Mr. Baiya: Mr. Speaker, Sir, it is apparent that the deterioration of the value of the Kenya Shilling is having a direct and also an indirect impact on the general cost of living for Kenyans, especially on inflation. Could the Minister tell the country what measures the Government intends to take to cushion, especially the end consumers against the impact of the inflation arising as a result of the depreciating Kenyan Shilling?

Dr. Khalwale: Mr. Speaker, Sir, the office of the Clerk had approved a similar Question for tomorrow for the Prime Minister to answer. For this reason, I think it will not come. Kindly allow me two requests for clarification.

Mr. Speaker: Proceed!

Dr. Khalwale: Thank you, Mr. Speaker, Sir. On the issue of hoarding of forex by commercial banks, we would like the Minister to clarify whether the Government has been preferentially giving funds to Equity Bank and preferentially allowing the bank to enjoy contracts to the extent that Equity Bank has certainly had slush funds which it used to buy forex and, in the process, triggered panic buying by other rival banks.

Finally, the fulcrum in the money market is the Central Bank of Kenya, the regulator. Stakeholders are telling us, as political leaders in this country, that the good Prof. Ndungu has got a poor working relationship with the banking sector and the Treasury. Could the Minister tell us whether the two Principals are considering firing Prof. Ndungu, especially in view of the fact that the Cockar Commission, when it was investigating the irregular sale of the Grand Regency Hotel, recommended that Prof. Ndungu was not fit to hold public office?

Mr. Mwachugu: Mr. Speaker, Sir, among the reasons which have been given by the Minister for the depreciation of the Kenya Shilling is the increase in oil consumption

and the importation of maize. Why did we have to import maize when we have a lot of maize in the country with our farmers, especially in the Rift Valley?

Mr. Langat: Mr. Speaker, Sir, the measures the Minister has proposed are very cosmetic. They can only work in the short-run. The issues that brought us where we are still remain unresolved; for example, huge imports of oil and foodstuffs. Adjusting the hoarding of Dollars by banks is likely to create a vicious cycle. In the long-run, what measures has the Government put in place, so that we do not remain where we are today?

Mr. Njuguna: Mr. Speaker, Sir, I hail the Deputy Prime Minister for the Statement that he has issued. Could he indicate to this House what measures the Government is taking to tame the rising Government expenditure, specifically the plans and the Ministries to be affected?

Mr. Chanzu: Mr. Speaker, Sir, my point is also on how to cushion the ordinary Kenyans. The Minister has talked about large imports of crude oil and maize, but he has not talked about the aspect of exports. There is a feeling that those who get payments through exports like the large scale exporters of flowers, have benefited out of this. How is the Minister going to reconcile this, so that we are able to cushion Kenyans out of the two?

Ms. Karua: Mr. Speaker, Sir, I would like the Minister to clarify to the House what the role of the Central Bank as a regulator is and what his role as a Minister is. We have seen intervention coming very late. We would like to understand what roles those two play.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, hon. Mbadi has talked about mixed signals and why the Governor of the Central Bank was giving conflicting information. I am not aware of the Governor giving conflicting information, which is something that we had also been forced to deal with, but rather, it is a question of too many statements coming and being reported differently. That was also definitely causing some confusion and that was one of the issues that we were dealing with when we had---

Mr. Mbadi: On point of order, Mr. Speaker, Sir.

Mr. Speaker: Member for Gwassi, just hear the Minister for the next two minutes. Maybe he is coming to where you want to question. Minister, proceed!

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, we had joint consultative meetings in order to ensure that information is passed on in a smooth and orderly fashion. About the five banks that are supposed to be the cause, I am not aware and the Governor of the Central Bank has not given me any information related to five banks that are supposedly the cause of the problem.

Mr. Mbadi: Mr. Speaker, Sir, I am surprised that the Minister is saying that he is not aware that the Governor gave conflicting information. Maybe I can give the two conflicting pieces of information that the Governor gave, so that the Minister can address it. First, the Governor told the country that the Central Bank would not intervene. That was a policy decision from the Governor. Then after one or two days, he came out and said that there are some banks which are hoarding the foreign currency and, therefore, they would take action. Why was there this conflicting information? First, he said that he would not intervene and the following day, he said that he was aware that there are some banks which are involved, thereby sending mixed panic to the economy. That was my

question. That is what has led us to where we are; because of that panic which he caused to the economy.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, that is why I am saying that, maybe, it is just the mode of communication; by saying that the Central Bank of Kenya (CBK) will not intervene, the reference was to the fact that there is no intention of reverting back to a policy of exchange controls. That is what he meant by not intervening, but he still has instruments available to him that are within the law, that he can continue to utilize. Some of them he has already put into effect; as I have said in my statement, the CBK will still continue to use other measures to intervene in accordance with the law, but there is no reversal of policy.

Mr. Speaker, Sir, once again, on the issue of banks being involved, I was not here and I am not aware of that particular situation. I can repeat that I am not aware of that particular situation, and it did not come up even at the meeting that we had with the CBK Governor.

Mr. Speaker, Sir, with regard to reducing pressure on the Dollar by having a mixed bag of currencies, that is already in place, and our reserves, even as a country, are a mixed bag. That continues so that there is no reliance on one single currency.

Mr. Speaker, Sir, with regard to the increased absorption rate, I want to agree with the hon. Member that this, indeed, is a major problem. We have, indeed, been working with Ministries on the question of increasing the absorption rate, especially on donor-funded programmes. But this is a two-way traffic because we also have major problems in clearing and getting the necessary go-ahead from donor nations as well. This is something that was the subject of on-going discussions between implementing Ministries, the Treasury and donor countries.

Mr. Speaker, Sir, with regard to the last question, as I said, I am not aware of any such banks.

Mr. Speaker, Sir, on the question by hon. Baiya and also by hon. Chanzu, the Government has various programmes that it has put in place, and that are all aimed at cushioning the poor. We have the cash transfers; these are all areas that we intend to expand. We also have various programmes under the Ministry of Special Programmes and also the Ministry of Gender, Children and Social Development; these are all aimed at helping cushion the very poor from the effects of the economic downturn.

Mr. Speaker, Sir, on the question of preferential treatment of Equity Bank, I am not aware of any particular bank being given any particular preferential treatment over any other. When it comes to Government dealings and transactions, the Government deals with a variety of financial institutions in this country.

Mr. Speaker, Sir, with regard to poor working relations between the players and the Treasury, once again I think we can say there is poor communication, but we are working hard to improve on that.

Mr. Speaker, Sir, with regard to what the two principals will do, I think that is a question that will be best answered by others.

Mr. Speaker, Sir, on why we had to import maize, we had to do so because at the time--- Indeed, it was even a demand by this same very House, because we had a shortage and we were faced with a looming drought and a major famine – a famine that was even made worse by the influx of refugees from neighbouring countries, mainly Somalia. There was need for us to import maize to address the shortfall that we had – a

situation that I believe is being reversed as we see now crops coming to the market from our local farmers.

Mr. Speaker, Sir, on the question by hon. Langat about long-term measures, ultimately the key to being able to have a long-term solution is to work towards increasing our own exports, diversifying our exports and fast-tracking, for example, the Bill to do with mineral exploitation. We have plenty of minerals in this country; where we are in a position to begin exploiting some of these and expanding our export base, we will do so. This will, in the long-term, go a long way to also reduce our dependence on imported energy; we should also expand geothermal and hydropower generation. This is an area where the Government has already put money, and will continue to put a lot of money into, so as to reduce our dependence on imported energy, while at the same time increasing our own exploration capacity to see how and when we can eventually drill our own oil.

Mr. Speaker, Sir, with regard to rising Government expenditure, this is something that has been an on-going effort by the Government. Again, because of the problems that we have been facing, we have to go through heavy recurrent expenditure. I hope this is something that we will be able to tackle with the Budget Committee and see areas of making savings, so that, indeed, the Government can also contribute towards helping lower the inflation rate as well as demand for hard currency for travel. In this regard, I will also be looking to you to help in reducing the travel budget for this institution.

Mr. Speaker, Sir with regard to the question by hon. Karua, indeed, the role of the CBK is that of regulator and also one of monetary policy in our country. Given the fact that all these issues are inter-related, we will also need regular consultations between the central Government and the CBK to be able to have a co-ordinated approach, given the fact that even when it comes to our own borrowing, in order to be able to implement our own fiscal policies, the CBK does act, indeed, as our agent in mobilizing these resources from the domestic market. So, therefore, there is need for regular consultations on matters, especially when they have to do with overall maintenance of macro economic stability. So, those kind of discussions will definitely be necessary as we go forward.

Thank you, Mr. Speaker, Sir.

Ms. Karua: On a point of order, Mr. Speaker, Sir. The Deputy Prime Minister and Minister for Finance answered on the role of CBK, but he did not answer on his role as the Minister for Finance.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, the role of the Minister for Finance is that of fiscal policy. We are in charge and responsible for the implementation of Government programmes. Therefore, I repeat, that we need to have regular consultations with the CBK, especially with regard to mobilization of resources to implement Government programmes.

Dr. Khalwale: On a point of order, Mr. Speaker, Sir. In his response to my question, the Minister has conceded that the issue of performance or non-performance of the Governor of the CBK cannot be answered by him. Could he undertake that he is going to put it to the Prime Minister and, possibly, the President so that the Republic is told why a man who is obviously incapable had his contract renewed, and whether they are going to rescind that decision and have this guy fired, so that we do not undertake further experiments on our economy?

Mr. Speaker: Do you want to respond to that and just give an indication, if any?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, the hon. Member well knows that according to the Central Bank Act which we have passed in this House, the Governor does enjoy security of tenure. Indeed, I think he continues to perform his duties in accordance with his mandate. The issues that are currently facing the Kenyan economic are not specific to the Kenyan economy. They are also being felt by our neighbours and, indeed, the world at large. I do believe that, all of us working together, we shall be able to find a solution and continue with our economic agenda.

Mr. Speaker, Sir, I have another Statement which I was also asked to deliver today.

Mr. Speaker: On what matter is that Statement, Mr. Deputy Prime Minister?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, actually this is even much shorter. This is a Statement that was asked by hon. Ogindo on the findings and recommendations of the Internal Audit Department on the World Bank funded projects.

Mr. Speaker: We have actually run out of time for Statements. Are you available tomorrow?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, tomorrow might be difficult for me because the Managing Director of the International Monetary Fund (IMF) will be in the country, and that is why I wanted to conclude today.

Mr. Speaker: We are also looking at other business that is before the House.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, with your permission, I can give the Statement next week.

Mr. Speaker: Can you not do that on Thursday?

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Speaker, Sir, Thursday is a public holiday.

Mr. Speaker: That is right! Particularly, given that the Member for Rangwe is not here, although the Statement belongs to the House after it is requested and directions given by the Speaker, I think it would be in order and, perhaps, just courteous to have this Statement delivered when he is present. More so, bearing in mind that he is a professional in that line, he may have more incisive questions for you and particular areas that he wants covered. So, let us defer that to Tuesday next week.

We will now take requests and I have notice from the Member for Gichugu!

POINTS OF ORDER

UPSURGE OF INSECURITY IN ISIOLO

Ms. Karua: Mr. Speaker, Sir, I rise to seek a Ministerial Statement from the Minister of State for Provincial Administration and Internal Security on the security situation in Isiolo following many persistent raids which are not less than 12, starting from April, 2011 to as late as 14th October, 2011.

Mr. Speaker, Sir, in that Statement, could the Minister clarify on the confusion surrounding where Ngarimara administratively falls, and why the Isiolo police have been disabled from covering the area in terms of security operations? That responsibility has

been given to the police in Maua which is over 100 kilometres away. In view of the persistent insecurity, why has the Government not considered establishing a police station or post in Ngarimara area? Could the Minister also let us know the number of lives lost during that period and the number of livestock stolen? Lastly, what measures is he putting in place to protect all the citizens and communities involved?

The Assistant Minister, Ministry of State for Provincial Administration and Internal Security (Mr. Ojode): Mr. Speaker, Sir, I will give the Statement next week on Wednesday morning.

Mr. Speaker: Member for Garsen, I am aware and, indeed, you did give me appropriate notice that you wanted to request for a Ministerial Statement on deployment of Kenyan forces in Somalia, but I have since then received intimation--- In fact, after you had that request delivered to my office, I was notified by the Ministry in charge of internal security as well as the Ministry in charge of Defence, and subsequently this morning, by the Rt. hon. Prime Minister, that the Government had risen to the challenges that this situation has provoked and they would be issuing a comprehensive Ministerial Statement tomorrow during the Prime Minister's Time. So, your matter may very well be covered, but we will let you have the first bite at the cherry when the Statement is delivered tomorrow.

Further, those hon. Members who had wanted a Motion of Adjournment to discuss this matter, including hon. Keynan and hon. Konchella, will have to await the Ministerial Statement that will be delivered tomorrow.

What is it Member for Juja?

Mr. Kabogo: On a point of order, Mr. Speaker, Sir. On Wednesday last week, I rose on a point of order seeking the indulgence of the House as regards Ministerial Statements that I had requested for. One was from the Minister for Medical Services regarding the death of children at Thika Hospital. The second one was on two sisters who were detained as hostages in Lebanon. The Chair directed that they be brought today. I just wanted the direction of the Chair as to how this will happen, since we do not have time to get them now.

Mr. Speaker: Yes, we do not have time, but I want the Minister, if he is here, to indicate if he is, in fact, ready with the Statement and be prepared to deliver it tomorrow afternoon. Is the Minister in charge of that department here?

The Minister for Transport (Mr. Kimunya): Mr. Speaker, Sir, I think the Assistant Minister for Medical Services has just walked out, but we can have the Statement delivered tomorrow.

Mr. Speaker: It will then have to be tomorrow morning. Given the nature of business in the afternoon, I do not think that we will have much time.

The Minister for Transport (Mr. Kimunya): Agreed, Mr. Speaker, Sir. It will be delivered tomorrow morning.

Mr. Speaker: Please, let the Minister know.

Mr. Kabogo: Mr. Speaker, Sir, they were two. The second one was from the Ministry of Foreign Affairs regarding the girls who were detained in Lebanon. Could he make an undertaking to deliver it tomorrow?

Mr. Speaker: Even that can be done tomorrow morning.

The Minister for Transport (Mr. Kimunya): Mr. Speaker, Sir, I would like to plead that we give the Ministry of Foreign Affairs some time to concentrate on the crisis in the Horn of Africa.

Mr. Speaker: Can that then come next week on Wednesday morning?

The Minister for Transport (Mr. Kimunya): Mr. Speaker, Sir, next week on Wednesday will be good. But the one from the Ministry of Medical Services will come tomorrow morning.

COMMUNICATION FROM THE CHAIR

WELCOME TO DELEGATION FROM SOUTH SUDAN LEGISLATIVE ASSEMBLY

Mr. Speaker: Order, hon. Members! Before we move to Order No.8, I would like to make the following Communication.

I wish to introduce to you and welcome this afternoon a delegation from the Southern Sudan Legislative Assembly, seated at the Speaker's Row. They are Members of the Constituencies Development Committee of the Southern Sudan Legislative Assembly, on a study tour to Kenya, to acquaint themselves on how we administer our Constituencies Development Fund (CDF). They consist of the following:-

1. Hon. James Riat Gon, Chairperson, CDF Committee and also the leader of delegation.
2. Hon. Mark Lochebe Locho, Member.
3. Hon. Simon Malual Deng, Member.
4. Hon. Dr. Benjamin Malek Alia, Member.
5. Mr. Edward Motesto, Parliamentary Staff.
6. Mr. Ludovicko Luan Aken Lual, Parliamentary Staff.
7. Mr. Robert Samuel Paul, Parliamentary Staff.

On behalf of the House and on my own behalf, I wish the delegation a fruitful and happy stay in Kenya. Deputy Prime Minister and Minister for Finance, you are remodeling CDF and so, you better think about it very carefully as we move forward. Thank you.

(Laughter)

Next Order!

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

[Mr. Speaker left the Chair]

IN THE COMMITTEE

[The Temporary Deputy Chairman,

(Mr. Imanyara) took the Chair]

The Temporary Deputy Chairman (Mr. Imanyara): Order, Members! I understand that we had actually finished with the Committee of the Whole House. The only matter remaining was to report. So, I would ask the Chair---

(The House resumed)

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

REPORTS, CONSIDERATION OF REPORTS AND THIRD READINGS

THE NATIONAL CONSTRUCTION AUTHORITY BILL

Prof. Kaloki: Mr. Temporary Deputy Speaker, Sir, I beg to report that a Committee of the whole House has considered the National Construction Authority Bill, Bill No.4 of 2011, and approved the same with amendments.

The Minister for Public Works (Mr. Obure): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

The Minister for Transport (Mr. Kimunya) seconded.

(Question proposed)

(Question put and agreed to)

The Minister for Public Works (Mr. Obure): Mr. Temporary Deputy Speaker, Sir, I beg to move that the National Construction Authority Bill, Bill No.4 of 2011 be now read a Third Time.

The Minister for Transport (Mr. Kimunya) seconded.

(Question proposed)

(Question put and agreed to)

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

THE INDUSTRIAL TRAINING (AMENDMENT) BILL

Prof. Kaloki: Mr. Temporary Deputy Speaker, Sir, I beg to report that a Committee of the Whole House has considered the Industrial Training (Amendment) Bill, Bill No.18 of 2009, and approved the same with amendments.

The Assistant Minister for Labour (Mr. Ojaamong): Mr. Temporary Deputy Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

The Minister for Transport (Mr. Kimunya) seconded.

(Question proposed)

(Question put and agreed to)

The Assistant Minister for Labour (Mr. Ojaamong): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Industrial Training (Amendment) Bill, Bill No.18 of 2009, be now read a Third Time.

The Minister for Transport (Mr. Kimunya) seconded!

(Question proposed)

(Question put and agreed to)

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

The Temporary Deputy Chairman (Mr. Imanyara): Chairman, Public Appointments, (Parliamentary Approval), Bill

THE PUBLIC APPOINTMENTS
(PARLIAMENTARY APPROVAL) BILL

Prof. Kaloki: Mr. Temporary Deputy Speaker, Sir, I beg to report that a Committee of the Whole House has considered the Public Appointments (Parliamentary Approval) Bill, Bill No.3 of 2011 and approved the same with amendments.

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

Dr. Khalwale seconded.

(Question proposed)

Dr. Khalwale: On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Imanyara): Yes.

Dr. Khalwale: The Chair has forgotten an important step of procedure. It was not seconded.

The Temporary Deputy Speaker (Mr. Imanyara): Sorry!

Dr. Khalwale: The Chair has forgotten an important step of procedure after hon. Mungatana proposed it was not seconded.

The Temporary Deputy Speaker (Mr. Imanyara): Hon. Khalwale, you seem to have forgotten that standing up does amount to seconding.

(Dr. Khalwale stood up in his place)

(Question proposed)

(Question put and agreed to)

Mr. Mungatana: Mr. Temporary Deputy Speaker, Sir, I beg to move that the Public Appointments (Parliamentary Approval), Bill, Bill No.3 of 2011, be now read a Third Time.

Dr. Khalwale seconded.

The Temporary Deputy Speaker (Mr. Imanyara): Precisely, what you did last time.

(Question proposed)

The Minister for Transport (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I would like to rise to record thanks to the Committee that met and deliberated over a record three Bills. More importantly, I would like also to thank hon. Mungatana for bringing this very important Bill that will guide the manner in which these appointments are made and for the patience he had through the Committee as we went through this Bill. I wish also to thank the Minister for Works and hon. Members who contributed to this important Bill. But more importantly is that, in the short period that we have been back from holiday, we have managed to clear five Bills. This is a very good record in the working of this House. I just want to record the thanks of the hon. Members for that.

Dr. Khalwale: Thank you, Mr. Temporary Deputy Speaker, Sir, similarly, the Committee would like to applaud hon. Mungatana for a good job. But I would like to make just one point; now that we have set a criteria – I have no doubt that His Excellency will append his signature to this – that once a House makes a decision--- For example, people have made it through this House, as in the case of selection panels. It is very demeaning of this House when the same hon. Members of Parliament who passed those names go to public fora outside this House and start saying that they are worried that the names that this House passed are not going to be impartial. That demeans this House; I believe that now that we have this standard, any names that will go through this House will end up being owned and respected by us, no matter what decisions they will make.

Thank you, Mr. Temporary Deputy Speaker, Sir.

Mr. Mungatana: Mr. Temporary Deputy Speaker, Sir, I have just one statement. There has been fear amongst some professionals to apply for Government jobs that need parliamentary approval because of the experiences that we have seen in the past. People are not aware of what they are expected to do when they come or what, in fact, ought to be expected when they apply for these jobs.

Mr. Temporary Deputy Speaker, Sir, may it now be known that, with the passing of this Bill, all those good Kenyans who are qualified can apply for jobs that require parliamentary approval, and that they only need to look at what this Act says regarding what is required of them. They need not fear what questions might be put to them, so long as they are qualified. You need to apply, look at what is required of you in terms of

qualifications and things like those and you will be fine, and this country will have the best.

Mr. Temporary Deputy Speaker, Sir, with this Bill in place, there will be no politics as far as appointments that require parliamentary approval go. the procedure is very clear and all you need to do is to come with your certificates and be confident.

Mr. Temporary Deputy Speaker, Sir, I want to thank the House so much for passing this Bill.

I thank you and God bless Kenya.

(Applause)

(Question put and agreed to)

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

The Temporary Deputy Speaker (Mr. Imanyara): Next Order!

BILLS

Second Readings

THE FINANCE BILL

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Temporary Deputy Speaker, Sir, I beg to move that The Finance Bill, 2011, be now read a Second Time.

Mr. Temporary Deputy Speaker, Sir, first allow me to thank the hon. Members for their continued support to the budgetary process and other related Government policies aimed at sustaining and enhancing economic growth.

Consequently, Mr. Temporary Deputy Speaker, Sir, our economy has had a turn around, expanding by 5.6 per cent in 2010, up from 2.6 per cent in 2009. The measures I proposed in my Budget Statement this year are aimed at building resilience and, at the same time, supporting a broad-based economic growth, so as to continue creating jobs for our youth, feeding our people, reducing poverty as well as inequality.

Mr. Temporary Deputy Speaker, Sir, the resilience we have demonstrated in the past will have to come in handy again but, most important now is cushioning our people against challenges. We have to face the future with courage and embark on a bold journey to create hope amongst our people. As part of this journey, we have proposed measures to moderate the rising cost of living and to assure our people of food security, employment and going forward.

Mr. Temporary Deputy Speaker, Sir, the taxation measures I propose in the Finance Bill of 2011 are aimed at promoting economic growth, expanding employment opportunities, reducing poverty and cushioning our people against high commodity prices, while at the same time simplifying the tax system. The miscellaneous measures

are aimed at enhancing stability within the financial sector, especially the banking and insurance industry.

Mr. Temporary Deputy Speaker, Sir, allow me to highlight only a few proposals, as hon. Members will have an opportunity to debate the entire Bill during the Committee Stage. In April this year, the Government reduced Excise Duty on kerosene by 30 per cent in order to stem the impact of rising fuel prices on households. However, the cost of living has continued to increase due to the rising international oil prices. To further cushion Kenyans from the effects of high cost of living, and to make kerosene prices more affordable to the common *mwananchi*, I have, indeed, proposed to remove Excise Duty on kerosene all together.

Mr. Temporary Deputy Speaker, Sir, to bring equity in the prices of beer and to simplify the beer Excise Tax regime, I propose to amend the Customs and Excise Duty Act to rationalize Excise Duty on beer at Kshs70 per litre, or 40 per cent of the retail selling price. I have also harmonized Excise Duty on cigarettes at Kshs1, 200 per mille or 35 per cent of the retail selling price.

Mr. Temporary Deputy Speaker, Sir, I have noted that some employees work for more than one employer and end up getting multiple benefits. I have, therefore, proposed to amend the Pay-As-You-Earn (PAYE) rules to provide that an employee shall only qualify for one personal relief.

Mr. Temporary Deputy Speaker, Sir, there are many taxpayers who have filed income tax returns, yet all the PAYE taxes have been paid promptly by their employers on a monthly basis. Therefore, I have proposed to abolish the filing of returns by employees who have no other income and their PAYE is being paid to the Exchequer by their employers.

Mr. Temporary Deputy Speaker, Sir, we have had cases where books of accounts have been kept in languages other than official languages; English or Kiswahili, to make audit of financial accounts of taxpayers difficult. To address this challenge, I propose to amend the Income Tax Act to require taxpayers to keep their records in English or Kiswahili and in Kenya Shillings.

Mr. Temporary Deputy Speaker, Sir, to create stability in the banking industry, I have proposed to amend the Banking Act to create a framework for sharing credit information between institutions licensed under the Banking Act and those licensed under the Micro Finance Act.

Mr. Temporary Deputy Speaker, Sir, for banks to serve their customers well while they are outside the country on holiday or on business trips, I have proposed to amend the Banking Act to allow banks to enter into arrangements with banks outside of Kenya to offer limited banking services to Kenyans who are abroad.

Mr. Temporary Deputy Speaker, Sir, currently, the Insurance Act does not provide for the regulator to assume control over the assets of a troubled insurer, thus creating room for misappropriation of its assets. In order to protect the interests of policy holders, I have proposed to amend the Insurance Act in order to empower the Insurance Regulatory Authority to assume control over the assets of a financially troubled insurer.

Mr. Temporary Deputy Speaker, Sir, these are among some of the measures that I wish to introduce through this Bill, but as I said, hon. Members will have time at the Committee Stage to deliberate on all the rest.

Mr. Temporary Deputy Speaker, Sir, with these few remarks, I beg to move and I request hon. Michuki to second the Bill.

Thank you very much.

The Minister for Environment and Mineral Resources (Mr. Michuki): Mr. Temporary Deputy Speaker, Sir, as you have heard, I rise to second this Finance Bill which the Deputy Prime Minister and Minister for Finance introduced before this House for the current financial year.

He has given a summary of what the Bill is all about; issues of adjustments of the law where it has not been working properly, the issues of level of taxation and the issues of charges that will raise revenue to facilitate the policies that are interpreted in the Budget to be financed.

Mr. Temporary Deputy Speaker, Sir, I am sure that hon. Members know that the Budget is arithmetical interpretation of policies. This is because it clothes - if I may put it that way - those policies with the means with which to be carried out. I do not know about now, but that is why the Bill would be placed before the Committee of Ways and Means. The ways and means are stipulated in the Finance Bill.

Therefore, in support of those policies, we have to find funds through this Finance Bill. I think it is important also to mention that the Finance Bill cannot be considered in isolation of other macro and micro-economic policies that prevail within the economy that we have to run for the people of this country.

There was a debate here which was, in my view, completely not in consonance with what had been requested; the issue of our currency as it stands today. Listening to the questions that were being raised, it ignored the fact that there are two aspects to this. I am now talking about the policy for which we are now looking for money to implement. One aspect is that as importers into Kenya suffer because of the consequences of the depreciating shilling, we had forgotten that we have exporters who are also laughing all the way to the bank because the position of the Shilling is benefiting them from that point of view.

Mr. Temporary Deputy Speaker, Sir, therefore, the debate although out of questions that arose, was not quite balanced, if I may put it that way. The problems the Minister and the Central Bank of Kenya (CBK) are dealing with are worldwide. In the Euro-zone in Europe, everybody is running away from the Euro. This is because the currency situation is so serious that it has been affected by the size of deficits that many countries in Europe are now experiencing. Therefore, many people who hold or held the Euro have been running away from it into the Dollar.

The Temporary Deputy Speaker (Mr. Manyara): Order, Mr. Michuki! I do not want to interrupt you but you are seconding the Finance Bill not answering the questions that were handled by the Minister at that time.

The Minister for Environment and Mineral Resources (Mr. Michuki): Mr. Temporary Deputy Speaker, Sir, this is very much within that Finance Bill. This is because in order to finance the policies that it interprets, we must talk about the funds with which we shall do this.

One of this is our own currency. That currency cannot operate in isolation. In relation to other currencies in the Euro-zone or the Dollar-zone or if you like, the Chinese currency ---

The Temporary Deputy Speaker (Mr. Imanyara): Restrict yourself to the Finance Bill. That is all I am asking. I am asking you to---

The Minister for Environment and Mineral Resources (Mr. Michuki): It is part of that micro-economic part of the Budget and the Finance Bill that we have before us.

Mr. Temporary Deputy Speaker, Sir, maybe you do not want me to continue.

The Temporary Deputy Speaker (Mr. Imanyara): You can continue but I just said you are seconding the Finance Bill. Therefore, be relevant to the Bill. That is the function of the Chair to determine what is relevant and what is not relevant.

The Minister for Environment and Mineral Resources (Mr. Michuki): Mr. Temporary Deputy Speaker, Sir, with due respect, I think I am very much within the Finance Bill. This is because the Finance Bill talks about macro-economics and micro-economics as well. We cannot just talk about dry stuff here without saying what actually clothes or surrounds those other aspects.

If I may, I would like to continue but I beg to support.

(Question proposed)

Mr. Mungatana: Mr. Temporary Deputy Speaker, Sir, first of all, I stand to support the Minister who has moved the Finance Bill. In particular, I just want to raise two quick points with the Minister. These relate to the proposed amendments to the Traffic Act.

Mr. Temporary Deputy Speaker, Sir, I am very happy that I am seeing the Minister put into use the Information and Communication Technology in as far as registration of motor vehicles is concerned. I believe this is one of those measures that will bring about more efficient utilization of time and it will very well eliminate some of the problems we are having at the Port and some other places.

The only thing I wanted the Minister to look at again is what he has introduced in as far as the use of IT in the Traffic Act is concerned. There is a proposed fine of not exceeding Kshs800,000 or imprisonment for a term not exceeding three years for a person who knowingly interferes with the computerized motor vehicle registration system.

Mr. Temporary Deputy Speaker, Sir, I do not know whether there was intensive consultation in this but I imagine people who do this will be people who will be making much more money. I propose that this Kshs800,000 be relooked into so that it can be enhanced so that it has the deterrent effect. Even if you look at it as US\$10,000 even with these measures, that is still low. I propose to push it up to something like Kshs1.5 million or the equivalent in other foreign currencies.

The second and final issue is that in this Finance Bill, the Minister has chosen to amend the Insurance Act. In particular, he has said that we needed to give the regulator more power so that he can carry out his authority by protecting the assets of insurers or policy holders when there is a problem like we have had recently with one of the insurance companies which has gone under yet again. This is good and I support it. They are saying that when they consider whether or not to open a branch, they should take into account the history and the financial condition of the insurer, which is alright; the adequacy of the capital base and the structure of the insurer, which is also alright; but the

Minister has proposed a fee of only Kshs20,000. If we are talking about a serious insurer, who would have planned for a period of time to go into branches, I believe that this is a small amount. The Minister needs to look at this amount again. I am not sure that an insurance company which will be paying only Kshs20,000 to open branches would be a serious insurance company.

Why does the Minister not think about enhancing this fee to, at least, Kshs100,000 for the simple reason – which the Minister needs not be reminded – that there have been problems in the insurance companies. We need solid insurance companies. Definitely, if it will cost only Kshs20,000 to open a branch, maybe, even those jokers who are still in the business will continue collecting money from people and disappear. After all, what does it cost to open a branch? It costs only Kshs20,000. I am, therefore, asking the Minister to look at this amount again and see if they can enhance it.

Mr. Temporary Deputy Speaker, Sir, even on the aspect of adequacy, I propose that the regulator comes up with rules which will determine what the adequacy of the capital base and the structure of the insurer he is talking about is, so that we, as Kenyans, can be confident that when an insurance company has paid the enhanced fee of Kshs100,000, there are even rules and regulations pertaining to the aspect of the adequacy of the capital of that insurance company. We will know that the insurance company has passed through the regulator, and the regulator is satisfied that such-and-such rules have been satisfied as far as the adequacy of the capital base is concerned.

If we leave it the way it is, it is a bit loose. In fact, the regulator may just say that he has cross-checked but we, as Kenyans, will not know what it is that he has done. So, it is important for the Minister to ensure that rules are made to support this law just for purposes of protecting insurance policy holders and potential insurance policy holders.

Mr. Temporary Deputy Speaker, Sir, otherwise, we should support the Finance Bill as presented by the Minister.

I beg to support.

Mr. Ogindo: Mr. Temporary Deputy Speaker, Sir, I rise to support the Finance Bill.

However, I want to point out that the Finance Bill should have come to this House earlier than now the reason being that it is important for this House to relate the finances to the expenditures. I want to suggest that as we formulate new Standing Orders, this concern should be taken into account.

Mr. Temporary Deputy Speaker, Sir, I support the move by the Minister to amend the Capital Markets Act to accommodate the real estate funds. However, it is also important that this new industry, which is just about to penetrate our stock market, needs to be opened to as many Kenyans as possible. I will shortly be moving an amendment to the Banking Act to open up banking to as many Kenyans as possible, so that we can be able to have money for investment.

As we are all aware, this country is in pursuit of Vision 2030. Therefore, the involvement of as many people as possible is critical. I am happy that we have a devolved system of government, which seeks to decentralise the centres of economic growth.

Mr. Temporary Deputy Speaker, Sir, I also want to support the proposed amendment by the Minister to the Central Bank of Kenya Act, which seeks to regulate the foreign exchange bureaus. We are all aware that presently, Kenya is suffering the loss

of strength in her shilling. I want to attribute this to the loose money market that we have. I hope that this is an action which will go a long way in trying to tighten the loose ends.

I also want to add that this House needs to enhance its capacity to deal with its new role. As hon. Members may see, today we are debating the Finance Bill, which would have required good attendance by Members of the Finance Committee as well as by Members of the Budget Committee. It is incumbent upon the Parliamentary Budget Office to take its work seriously. Without that, it becomes hard to make meaningful contributions to this Bill, because these Bills are very technical and, therefore, require prior engagement; both within the House and with the industry players.

With those remarks, I beg to support.

The Minister for Transport (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I thank you for giving me this opportunity to support the Finance Bill. I believe that it is self-evident in terms of the need for support.

Therefore, I do not want to belabour the points that have been made except to just mention one or two things, especially because one of them has been raised by an hon. Member. It is linked to the issue of tempering with registration systems of vehicles. Hon. Mungatana also raised issues in the area of insurance. I would like to add my voice on those issues.

Mr. Temporary Deputy Speaker, Sir, I will start with the issue of insurance because it is something we keep on getting every day. I would like to urge the House to look at it from the point of view that we, as a country, are seen to be a region where the cost of doing business is increasing by the day. You need to look at the number of licences and the monies that people need to pay to comply with the law, and look at our labour laws and the high salaries that we need to pay. Real estate prices are quite high. Rents are getting high, and we are becoming uncompetitive *vis-a-vis* the rest of the region.

So, even as we think that, perhaps, insurance companies need to pay more in terms fees, we need to also factor that into account. As we charge them more, we could drive them out of business or force them to concentrate their operations in Nairobi without ever having to see the need for expanding into the counties. A higher fee is punitive to the business that wants to expand and move into the counties.

Mr. Temporary Deputy Speaker, Sir, I thought of raising that because I know Mr. Mungatana is very passionate about devolution as a concept and wanting to see more operations in the counties. The only way we will attract businesses into the counties is by ensuring that the establishment costs as they move out of Nairobi are actually far much cheaper. This is the only way people will see that it is easier to open branches outside and operate from there because you pay lesser fees than paying high fees in Nairobi. I would like to see it from that perspective. I would have gone for a reduction from Kshs20,000 so that people can open those offices in the counties. That is where we want to create employment and move people rather than the reverse where you force people to pay more. It means they will remain in Nairobi and they will never see the point of going outside because it is punitive to do so.

The other thing I wanted to share with this House, and I am very happy that it is now coming within this Finance Bill, is that we need to have these deterrents on tampering with our registration systems of the vehicles. This tampering takes effect in different ways. You will find somebody who imports high end sports utility vehicles, but

because of the duty implications, they end up registering or declaring them as *tuk tuks*, meaning those three wheelers. They will also register them as tractors which have a different duty implication. They are then registered and then through tampering with the records they then end up having that log book changed, but they have the number plates. We have taken different approaches to this. Just yesterday we did launch new number plates for these three wheeler *tuk tuks*, tractors, higher commercial machinery and we should not forget that motor cycles too have a new type of number plate. We do not want people to take advantage of one category of vehicles and avoid paying duty.

I do agree with Mr. Mungatana that we should have very heavy penalties. We have also taken administrative measures now to ensure that people do not actually get those numbers. We may wish to consider at the Committee Stage whether it is worth enhancing or whether the administration measures will also deter the people while we also have the US\$10,000 equivalent at that point as a fine for people tampering with those systems. I do agree that it is a very serious offence and it has cost the Exchequer quite a bit of money as people fiddle around with the registration of vehicles.

The good thing is also that, and I would want to share this with the House at an appropriate time, we will be tabling in this House these measures in terms of the integrated management system on vehicles. We are coming up with a system that will help track a vehicle from the time it enters Kenya. We will be able to track it from the time it leaves the factory, when it is first registered to the time it is actually retired – it is a whole process. People can access all the information from different angles. Just through a short text message, you will be able to see the status of the vehicle. Anyone buying a vehicle can SMS and be able to see whether the person who is selling the vehicle is actually the owner and that kind of thing. That is coming very soon.

Mr. Temporary Deputy Speaker, Sir, as I come to a close, I was amused this morning when somebody called me to find out whether I had seen my picture in one of our newspapers. He told me there was a big story on the printing of currency and there were pictures of the former Minister for Finance, Mr. David Mwiraria and the Minister for Transport. He was wondering whether currency printing has now moved to the Ministry of Transport. Let the newspapers sometimes amuse themselves. If it will boost their sales, I do not have a quarrel with them. I will not sue them because it helps boost their sales. I hope that they sold more today because they included my photograph in a story that was not related at all to what I do. I was very amused and I just wanted to share that amusement with the House.

Mr. Temporary Deputy Speaker, Sir, as I said, the Bill is self evident in terms of its contents. I do not want to belabour the point further.

I beg to support.

Mr. Njuguna: Thank you, Mr. Temporary Deputy Speaker, Sir, for this very brief opportunity to contribute to this very important Finance Bill.

Let me start by thanking the Deputy Prime Minister and Minister for Finance for the manner he has moved this Bill in this House. In my view, indeed, it is very timely.

I was excited by the commitment by the Minister to make sure that the cost of living, particularly among the very vulnerable in the society, is being addressed. It will not be possible to address the current trend on the cost of living if certain areas are not really addressed properly.

Let me start by saying that I am happy with the good work that is being executed by the Kenya Revenue Authority (KRA). It is important for this very important body to address itself to tax evasion by very prominent businessmen in this country. There are also people who have, time and again, refused to honour this responsibility. I note that for the last couple of years, the KRA has been able to meet its targets. It is, therefore, important as the demands of this country continue to increase the KRA must be committed to collecting more revenue.

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

*[The Temporary Deputy Speaker
(Dr. Laboso) took the Chair]*

Madam Temporary Deputy Speaker, today in the country Kenyans are crying because of the very high rates of electricity, water bills, fuel prices and even food prices. Therefore, it is important that this new Finance Bill addresses some of those things. The other area that I would ask the Minister to address is where the business community has continued to import illicit goods into this country, therefore, denying the Exchequer the most important revenue. Heavy penalties must be imposed on those people.

Madam Temporary Deputy Speaker, motor vehicles have been found at the port of Mombasa with no duty paid for them. The other one is dredging of the Mombasa International Harbour. We have been losing a lot of revenue because merchant ships are being diverted to Tanzania, therefore, denying our country a lot of revenue. A lot of theft at the harbour has also been experienced.

Finally, I would urge the Government also to be very keen in improving security in our country. Our tourism sector which is a big foreign exchange earner has been threatened. Piracy threat and kidnappings are issues that we need to address. Let me support fully all the austerity measures the Minister has taken to improve tax collection in this nation.

With those few remarks, I fully support.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Madam Temporary Deputy Speaker, I want to thank all the Members for their comments and to assure them that their comments will be definitely taken on board.

I agree, especially with hon. Mungatana, on the need to ensure that fines that we are putting are, indeed, punitive because ultimately, the objective is to ensure these kinds of practices do not continue. So, if the figure that we have is not adequate, I would really have no problem with us trying to increase it.

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)*

THE CAPITAL MARKETS (AMENDMENT) BILL

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Madam Temporary Deputy Speaker, I beg to move that The Capital Markets (Amendment) Bill, 2011, be now read a Second Time.

The Government has continued to support the development of capital markets, particularly in enhancing the policy and regulatory framework, which has been instrumental in widening the scope of issuance and investors in the market. These efforts by the Government have so far helped create the suitable environment for mobilization of long-term resources to finance growth-based projects in our economy. As a result of this, a number of shares traded in 2010 peaked at Kshs 6 billion while bond turnover rose to a historical high of Kshs476 billion.

The market capitalization for equities on the other hand, rose from Kshs101 billion in 2000 to Kshs1,169 billion in 2010, while the number of foreign investors account has increased from 18 in 2004 to 9,720 in 2010. The measures that I have proposed in The Capital Markets (Amendment) Bill are aimed at further deepening the capital markets as well as tapping international sources of capital. I will only highlight a few of the proposals.

In order to promote growth in the security segment and facilitate access to finance by small and medium enterprises, I have proposed to amend the Capital Markets Act to introduce an over the counter market for bonds. This measure will enable mobilization of resources through the issuance of securities without necessarily having to list on the stock exchange, whose conditions are difficult to meet by small and medium enterprises.

Madam Temporary Deputy Speaker, in my last year's Budget Speech, I announced measures to be taken to improve on food security and to cushion our farmers against low prices for their produce. In order to make this a reality, I have proposed to amend the Capital Markets Act to allow for a regulated commodity futures market. This measure will go a long way to facilitate the establishment of a futures exchange to serve as a platform for trading futures contracts of multi asset classes such as currency, minerals and energy derivatives.

With the introduction of a commodity futures market, beside the securities market, there is need to provide for self-regulatory organizations whereby the securities of futures exchange is able to exercise primary supervision of its members or users of its services in line with the international best practice. To this end, I have proposed to amend the Capital Markets Act to provide for the recognition of self-regulatory organizations.

With these few remarks, I beg to move. I ask hon. Kimunya to second.

The Minister for Transport (Mr. Kimunya): Madam Temporary Deputy Speaker, I beg to second this Bill. It is a straightforward Bill that aims to bring more improvements into our capital markets. For those who were here this afternoon and have been following the debate on the fluctuations of our currency, you heard that one common thing is that we need to bring more monies into the country.

One of the ways of tapping foreign investments and more forex coming into the country is opening up some receptacle through some markets where people can come, bring in their money and start investing or trading from here. I believe this further deepening of the capital markets will be part of attracting that in terms of the tapping into the wider market where the money markets are out there. Particularly when you look at

the futures and the commodity market, Kenya may not be endowed with most of these minerals that are traded within the futures market, namely, the gold and silver. Cocoa is traded as one of the very fast moving commodities. We may not have it, but there is no reason why we should not create a market for that within East Africa and taking advantage of our advances in technology in terms of us being an international financial centre. There is no reason why we should not be providing that market for the region, so that although we do not have the minerals and all those commodities, Nairobi could well be the trading centre for all those commodities linking the East, the West, the North and what is happening within our region. Because we have already done it with the Nairobi Stock Exchange and have been the pioneer; the bigger brother within East Africa, I believe we need to take the next limb which is now to move to the commodities market.

Madam Temporary Deputy Speaker, when you look at the Chicago Exchange in terms of commodity exchange and compare with what happens to our farmers, a farmer who has his wheat and maize being traded within the commodities market does not need to wait for the harvest time to start asking how much the Government is going to buy it from the farmers. People will start selling their produce when it is in the farm. You know that in three months' time, you would like to buy that wheat which is grown somewhere in Tana River for so much per acre or per bag. That money is available to the farmers to then use for their day to day activities. They are selling something that will be harvested in future rather than wait for it to happen. This is the kind of modernization that we are being called upon to create room for.

I believe this Bill will help in terms of that plus also opening up doors for bonds trading. People now have understood the bonds, but we can open over the counter trading. This will make the process far much easier. Again, it is a straightforward small piece of legislation, but very important and deep in terms of its implications and impact on our capital markets.

I beg to second

(Question proposed)

Mr. Mungatana: Madam Temporary Deputy Speaker, I actually want to support the amendments that the Minister is moving on the Capital Markets (Amendment) Bill. I also want to support the Seconder of this Bill as far as the issue of futures market is concerned and looking forward into what Kenya could become.

My worry is this bit of the recognition of self-regulatory organization. The Minister for Finance needs to tell us more. After the Stock Exchange started, we have gone step by step. In fact, I am very happy that you have made some changes. You are proposing delegation of functions to a committee of the board, a recognized self-regulatory organization and to an authorized person. You are also saying that the same authority can take away that delegation any time.

Madam Temporary Deputy Speaker, my worry is the futures market that we want to introduce now. We are introducing it and then we are saying they are to go directly into self-regulation. So, we want to understand why the Capital Markets Authority cannot continue doing it. They do it at least in the interim; I am feeling like this is a situation where the Government may be getting excited about a future idea. We are all excited about it, but then we are just leaving it to some players who will come and do their own

internal self-regulation. We are giving them all the power at a go; I do not get it properly, but the way I have seen the CMA, they have been doing a very good job. They have brought some discipline in that market and the general trading there. Now we are saying through this Bill that they will delegate some of their powers, which they can take back any time.

Madam Temporary Deputy Speaker, I think that is the way to go. We have gone step by step, but there these other guys who are coming in, and saying: "Let us start the futures market and then leave us alone to regulate it". This, to me, sounds very suspicious. I think there is someone, or some group that wants to do something and they are coming in and probably they have managed to convince the Minister that probably we need to operate like this, or in a certain way; then after that we give them the power and then the Minister will not be able to take it back. I was of the opinion that power must remain with the authority, so that these people may not get away with murder in case they start messing up things in that future commodities market.

Madam Temporary Deputy Speaker, Sir, otherwise this is a good Bill; I really like the way the Minister is working on these Bills. We will support you when you do a good thing and we will recognize that.

I beg to support.

Mr. Ogingo: Thank you, Madam Temporary Deputy Speaker. I rise to support the Capital Markets (Amendment) Bill, and I want to thank the Minister for having taken courage to tread the untrodden path. This country is endowed with a lot of resources but it lacks the courage to open up its resources for exploitation for the welfare of Kenyans.

Madam Temporary Deputy Speaker, you will recollect that most of the developed countries were developed by outsiders. South Africa, Hong Kong and Malaysia are cases in point. It is important to create a regulatory framework where foreign investors are able to operate. We have a resource like Lake Victoria. The fish that is there naturally is depleted, and the option there is to engage in fish farming. With this kind of Bill, I know there are people who will be attracted to try to undertake this farming. We have the Suswa geothermal site. This is a potential site that can go a long way in unlocking the potential of this country. But today you hear that somebody is walking with a licence in his pocket. What we want are people who are able to come here and invest in this potential. I see that this Bill is going to go a long way in creating a conducive environment where people will be able to make such investments.

Madam Temporary Deputy Speaker, I want to concur with the previous speaker, hon. Mungatana, on self regulation. Unless the Minister comes out clearly, we look forward to moving amendments in that area of the Bill when it comes to the Committee Stage.

Madam Temporary Deputy Speaker, I still want to commend the Minister because we really need to open up as a country and let people who are ready and willing to invest in our country to come and do that. But we must ensure that we have a regulatory framework that saves us from exploitation.

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

Mr. Njuguna: Madam Temporary Deputy Speaker, let me also join my colleagues in support of the Capital Markets Authority (Amendment) Bill.

Madam Temporary Deputy Speaker, this new authority will improve the business climate regarding the trading of shares at the stock market. Of great concern is to address

a situation where some of those players go under. We remember when Francis Thuo and Partners, Ngenye Kariuki and others went under, many jobs, dividends and resources were lost. It really affected the investors. Therefore, with this new body, it will be possible to audit and even inspect regularly the performance of the main players in those securities.

Madam Temporary Deputy Speaker, I wish to recognize very briefly the diligent leadership that has been provided by the current Chief Executive Officer (CEO), Ms. Stella Kilonzo, of Capital Markets Authority. Her proven leadership has enabled the stock market to expand and stabilize. Therefore, it is important that we support the new effort that is being pioneered by the Minister because it will improve the economic growth and participation by the investors.

Madam Temporary Deputy Speaker, with those few remarks, I fully support the new Bill.

The Temporary Deputy Speaker (Dr. Laboso): I now call upon the hon. Minister to respond.

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Madam Temporary Deputy Speaker, I want to thank all hon. Members for their contribution.

Madam Temporary Deputy Speaker, from the very outset, I want to state that I understand the concerns that have been raised by hon. Mungatana. But I think he has not actually fully understood the situation. As I was moving, I think I made it quite clear that I am proposing to amend the Capital Markets Act to allow for a regulated commodities futures market. So, it is important for us to recognize that what we are amending is the Capital Markets Act. So, the commodities and futures exchange will be operating under the Capital Markets Act. So, the Capital Markets Authority will still have the overall regulatory authority over that particular exchange. We want to allow for the recognition of self regulatory organizations. We want, for example, the Nairobi Stock Exchange, which is still regulated by the Capital Markets Authority, to be a self-regulatory authority, so that it can manage its members. Anybody who is applying to be a member of the Nairobi Stock Exchange must have certain conditions, *et cetera*, so that we do not have, as the hon. Minister said, people who just come in or fly by night. There must be rules and procedures. So, there will be primary regulation amongst themselves, in accordance with international best practice, good governance and proper accountability. But the Capital Markets Authority still has the overall responsibility and regulatory authority.

It is important for us to begin to develop a culture amongst these institutions so that they also have a primary responsibility over their members to sort out themselves. However, that does not remove the oversight and the role of the Capital Markets Authority. It is really just to encourage that anybody who is applying must have certain standards that they are supposed to meet and to use. That is why we are saying we want to recognize those type of bodies within the Act, so that they have a role at the primary level of ensuring that their members play in accordance with international best practice and standards. However, the overall regulation and oversight still remains the preserve of the Capital Markets Authority. I think as we go to the next Bill, we should be able to see that a lot clearer.

So, there is no issue of removing the authority of the regulator. The regulator remains and will continue to be the overall oversight and authority over both, for

example, Nairobi Stock Exchange and this new futures market that we wish to bring on board. But we want to encourage those organizations to develop a culture of self policing, to say the very least. I thank all Members, once again, for their contribution.

(Question put and agreed to)

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

(Mr. Kenyatta stood up in his place)

The Temporary Deputy Speaker (Dr. Laboso): Next Order!

THE CENTRAL DEPOSITORIES (AMENDMENT) BILL

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Madam Temporary Deputy Speaker, I apologize. I beg to move that The Central Depositories (Amendments) Bill, 2011 be now read a Second Time.

Madam Temporary Deputy Speaker, a properly regulated clearing and settlement system for securities is crucial to the smooth operation of the capital markets. The Central Depositories and Settlement Corporation is currently the only approved central depository. The procedures for the establishment of the operations and oversight of the central depository are governed under the Central Depository Act, 2000.

In view of the recent marked growth in market volumes, there is need to amend the legislation to address some of the challenges witnessed in the operations.

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

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

Mr. Temporary Deputy Speaker, Sir, under the current Central Depository Act, the Capital Markets Authority is mainly empowered to approve as opposed to license a central depository. The central depository is required to adequately ensure its operations and systems cover losses or damages that may arise from trading activities.

In order to strengthen accountability and reporting structures in line with also what hon. Mungatana was just mentioning earlier, there is need to impose a more detailed annual reporting requirement on central depositories in line with the obligations imposed on similar market intermediaries.

Mr. Temporary Deputy Speaker, Sir, there is need to empower the capital market regulator to oversee the operations of the central depository operations. To facilitate this matter, I have proposed an amendment to the Central Depository Act, 2000 to explicitly provide for the licensing procedure of central depository to effectively outline their duties. The amendment will also tighten the requirements on the rules put in place by the central depository to allow them to exercise self regulatory responsibilities. This again is

intended to ensure that our Capital Markets Authority does continue to exercise control over the central depository operations, especially as we seek to expand activities with the introduction of over the counter bonds, introduction of futures market and so on.

Mr. Temporary Deputy Speaker, Sir, I beg to move. I ask hon. Oburu to second the Bill.

The Assistant Minister, Office of the Deputy Prime Minister and Ministry of Finance (Dr. Oburu): Mr. Temporary Deputy Speaker, Sir, just as the Minister has expounded on the need to strengthen our capital markets, these two Bills - the one which has just been passed and this second one – are meant to deepen our capital markets in order to expand our economy.

Mr. Temporary Deputy Speaker, Sir, our interests as a country is to attract investments, and in order to attract investments, the Government has a duty to create a conducive atmosphere; this can only be created by improving our laws and tightening some of the things, like in the Central Depository system, if there are loopholes. The amendments which have been brought here are meant to tighten rules in order to avoid any loopholes which might give unscrupulous traders an opportunity to mess up with our capital markets.

Mr. Temporary Deputy Speaker, Sir, with those few words, I beg to second the Second Reading of this Bill.

(Question proposed)

Mr. Ruteere: Thank you, Mr. Temporary Deputy Speaker, Sir. I stand to support the Bill, that the Central Depositories Systems be expanded.

Mr. Temporary Deputy Speaker, Sir, the capital market is a very crucial market in a growing economy like the Kenyan economy. The investors would want to see a Central Depository System that has rules and regulations that guarantee them returns on their investments.

Mr. Temporary Deputy Speaker, Sir, this Bill is long overdue, because a lot of investments are now channeled through the Capital Markets Authority. For this reason, I want to thank the Minister for bringing this Bill. The Minister has seen it fit at this time to encourage investors from both within and without the country, so that whatever investments they make in the CMA, they are sure that genuine investors will reap their benefits of their investments.

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

The Minister for Transport (Mr. Kimunya): Mr. Temporary Deputy Speaker, Sir, I beg to second this very important amendment to the Central Depositories Act, which was passed about ten years ago and has served us rather well. It created the Central Clearing House as well as facilitated the trading within the CMA and within our stock exchange by providing a kind of a central register of all the securities that are going to be transacted. It has worked well. When you look at the working relationship between the Central Depository System Corporation (CDSC), the Nairobi Stock Exchange and the CMA, it has been more on the basis of the understanding that the three bodies need to work together in good faith, because they all targeting the same people. Unless that working relationship is backed up by some formal legal framework, the fact that they are

all working together now and there are individuals working under those organizations that understand one another, cannot be guaranteed in the future.

I believe the amendments go towards ensuring predictability in terms of how the Central Depository and Settlement Corporation, Nairobi Stock Exchange, Over-the-Counter (OTC) market and the futures market work. More importantly also, the fact that we are a growing market, it is meant to open up for other players. It opens up the monopoly which is almost self-evident within the Act; let other organizations come into play. Allowing choice brings some competitiveness, market growth, variety and innovation as people want to be different from the other existing Central Depository and Settlement Corporations. I believe all these things are very important for purposes of ensuring that we deepen further our capital markets to grow and broaden the scope.

Mr. Temporary Deputy Speaker, Sir, again the beauty is that all these three are inter-related. I am very happy that we have been able to tackle them all although they are appearing in different Bills. They could well have come in one Bill; the Capital Markets (Amendment) Bill plus the Central Depositories (Amendment) Bill which all target the same market.

Mr. Temporary Deputy Speaker, Sir, because these matters are so clear, I just want to add that we move with speed and encourage this deepening. We look forward to the time when we will not just be looking at these markets within Nairobi. We look forward to a time when the County of Meru, the County of Nyandarua, the County of Homa Bay and all the others, including the County of Busia will have their markets. I am sure Mr. K. Kilonzo would like to see us have the basis for future trading with the County of Busia on the commodities from those areas.

So, I do not want to spend much time on this and beg to support.

The Temporary Deputy Speaker (Mr. Ethuro): Minister, since there seems to be nobody interested in contributing further, you may now respond!

The Deputy Prime Minister and Minister for Finance (Mr. Kenyatta): Mr. Temporary Deputy Speaker, Sir, once again I believe that the passage, especially of these two Bills will result into the deepening of our capital markets, allow for greater capital inflow into our markets and allow us to achieve in a much shorter period of time, our own Vision 2030 and our own development agenda as a country.

I take this opportunity to thank all Members of Parliament for their contribution and to say that some of the issues, especially those that have been mentioned earlier, will definitely be taken into account.

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)

The Temporary Deputy Speaker (Mr. Ethuro): Next Order!

MOTION

ADOPTION OF REPORT OF COMMITTEE ON DEFENCE

AND FOREIGN RELATIONS ON FAMILIARIZATION
TOUR OF KENYAN EMBASSY TO SOMALIA

Mr. Keynan: Mr. Temporary Deputy Speaker, Sir, I beg to move the following Motion:-

THAT, this House adopts the Report of the Departmental Committee on Defence and Foreign Relations on the Familiarization Visit to the Kenya Embassy in Somalia, laid on the Table of the House on Tuesday, May 3, 2011.

We all know that the Republic of Somalia has been in social, political, economic, cultural and religious upheavals over the last 20 years as a result of the civil war that has afflicted that nation. As a result of that, many nations, including Kenya, moved their missions out of the capital of Somalia, Mogadishu, to either neighbouring countries or to their own countries.

Mr. Temporary Deputy Speaker, Sir, Somalia remains a very important neighbour to the people of Kenya. We share more than 1,200 kilometres of borderline with Somalia, which is completely unguarded. We also have a very long coastline, again, bordering with Somalia. Therefore, it is critical that Kenya, as a neighbour and a frontline state, leads all the initiatives that have been taken by members of the international community to find lasting peace to the political crisis in Somalia.

As a result of this, Kenya has hosted many of the initiatives, including many of the transitional arrangements that have been put in place. Since Somalia plunged into civil war in 1991, Kenya has been playing a leading role. Indeed, Kenya sponsored most of the initiatives. As a result of being a regional diplomatic hub and important communication and infrastructural hub, a nation within the East African Community, and also a very important member of Inter-Governmental Authority on Development (IGAD), Kenya has always played a pivotal role in finding a peaceful solution to the political crisis in Somalia.

Mr. Temporary Deputy Speaker, Sir, it is as a result of this that the leadership of this country decided to, instead of having this country's diplomatic mission in Mogadishu, which would have been the ideal place in ordinary circumstances but which was not possible due to the security crisis, the Government decided to have the mission accredited to Somalia, but based in Nairobi.

The purpose of any diplomatic mission is, first of all, to project, promote, protect and articulate the interests of that particular country. It is because of this that Kenya, as a leading nation in the East and Central Africa and in the Horn of Africa, has led the way by opening a mission among few missions, to Somalia to represent the interests of the Kenyan people in Somalia.

Mr. Temporary Deputy Speaker, Sir, this mission has played a very important role, and I want to thank our first ambassador to Somalia, since Somalia plunged into civil war, hon. Mohamed Abdi Affey, who opened this mission as a pace setter. Under very difficult circumstances, hon. Affey and his team managed to bring together all the warring groups in Somalia and gave the Somali people some sense of hope and a semblance of peace.

As a committee, we have seen the lasting impression of the work that was done by hon. Affey and his team. On behalf of the committee and on your behalf, as Members of

Parliament, and on behalf of the people of Kenya, I want to thank hon. Affey and his team for their wonderful work.

Mr. Temporary Deputy Speaker, Sir, one of the critical things that we learnt as a committee, when we visited this mission, was that this is the second Kenya Diplomatic Mission which is still based in Kenya. We have the Kenya Mission to the UN-HABITAT and the Kenya Mission to Somalia, which are based in Kenya. The uniqueness of these two missions still remains a challenge to the parent Ministry in the sense that even our own officers who have been posted to these two unique missions---

I call them “unique missions” because one of them is the Kenya Mission to the UN-HABITAT and the other one is the Kenya Mission to Somalia. I am glad that the Assistant Minister, Ministry of State for Provincial Administration and Internal Security is here. The uniqueness of the Kenya Mission to Somalia, notwithstanding its location in Kenya, is something which we cannot overemphasise. Therefore, as we struggle to assist the people of Somalia to have lasting peace, we must also strengthen our own representation, so that we do not get sucked into that country’s political crisis.

Mr. Temporary Deputy Speaker, Sir, it is because of this that the mission requires all the necessary diplomatic, logistical, economic and security support for it to function in an ideal situation.

The Temporary Deputy Speaker (Mr. Ethuro): Order, hon. Keynan! You still have 55 minutes to continue with the Motion when debate on it resumes next time.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Ethuro): Hon. Members, it is now time to interrupt our business. Therefore, the House stands adjourned until tomorrow, Wednesday, 19th October, 2011, at 9.00 a.m.

The House rose at 6.30 p.m.