

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 6th December, 1995

The House met at 2.30 p.m

[Mr. Speaker in the Chair]

PRAYERS

ORAL ANSWERS TO QUESTIONS

Question No. 762

EVICTON OF HAWKERS

Mr. Speaker: Mr. Ndicho! He is not there. Next Question.

Question No. 981

PAYMENT OF COMPENSATION

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

(a) what arrangements the Ministry is making to compensate the families of the two persons who were recently killed in Laresoro area by grenades and bombs left behind by the British Army, who use this area for exercise; and

(b) in view of the fact that this area is a Group Ranch, if he could direct the Kenya Army to find an alternative area to conduct their operations.

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

(a) The Department of Defence is not aware of any deaths that were caused by the Kenya Army in Laresoro area in August 1995.

(b) The area in question; the Laresoro area, is among those areas that are used by the Department of Defence for training exercises with clearance and co-ordination of the District Administration to ensure that people do not enter the area for the duration of the training.

Mr. Leshore: Mr. Speaker, Sir, I think the Assistant Minister is misleading the nation because even the report was relayed to Police Force OB No. 8/4th August, 1995, that two young boys were killed by a grenade which was left by the British Army and the Kenya Army soldiers who were conducting an exercise in Laresoro area. The boys were 12 and 13 years old. I do not understand why the Assistant Minister is just making "a white lie" in this House. He should have referred the Question to the police, who should have given him the right information, if his PS cannot give him proper information. I would like the hon. Assistant Minister to go back and find out why the British Army and the Kenya Army have not gone around to inform the Samburus that they were conducting those exercises. This is not the first incident. My question is this, Sir, could he go back and come with a comprehensive report about the compensations, because these are cases of 1993, whether they are going to compensate the Samburus or not?

Mr. Awori: Mr. Speaker, Sir, I do not need to go back to get comprehensive information. The police report confirms, indeed, that the two boys were reported killed in an area called Naisamunya in Samburu District. The area chief had confirmed that the bodies of the two boys had been partially eaten by wild animals. As the matter is under police investigations with an aim to establish the cause of the death, my Ministry cannot start making arrangements to compensate the families of the two boys. As soon as the investigations are completed, we will revisit the matter.

Dr. Lwali-Oyondi: The Assistant Minister is misleading the House and the nation at large. The postmortem report could easily tell a difference between death due to wild animals and shrapnel injuries caused by the explosion of a grenade. Could the Assistant Minister really go back and tell us exactly what caused the

death? Is he hiding anything in this matter?

Mr. Awori: Mr. Speaker, Sir, the hon. Dr. Lwali-Oyondi was so anxious to bring in a supplementary question that he did not hear my answer. The answer was that the bodies were partially eaten by wild animals. At no time in my [Mr. Awori]

answer did I say that the boys were killed by wild animals. The investigations that are going on will tell how the boys were killed and we will bring the matter here.

Mr. Rotino: Mr. Speaker, Sir, I would like the Ministry to tell us what policy the Department of Defence has in this training that they have? Because similar incidents happened in my area where the Kenya Army went and trained and left hand grenades around and somebody was killed. Can the Assistant Minister be clear on what policy they have in this alternative site that they have taken for training?

Mr. Awori: Mr. Speaker, Sir, all areas where the Army, whether British or Kenyan carries out exercises, before the exercises are held in any part of the country, the Department of Defence always clears with the District Administration. The local inhabitants of the area affected, are then informed by the Administration not to enter the area of the training. On completion of the training where live bombs are used, the area is thoroughly cleared and all unused bombs are collected and exploded under strict military supervision.

Mr. Rotino: On a point of order, Mr. Speaker, Sir. The hon. Member who comes from the area says two children died and the Assistant Minister says here nobody died. Who are we going to believe because people died? Can the Assistant Minister give us an assurance that, at least, a file is going to be opened and a full report brought to this House because people died? A similar incident happened in my area which I am going to bring a Question to this House. Can he be very clear on this?

Mr. Awori: Mr. Speaker, Sir, I do not know what has happened this afternoon. Members are so anxious to ask questions that they do not listen to answers. At no time did I say that there were no boys who were killed. I am saying that two boys were found dead. They were partially eaten by wild animals and investigation is going on.

Mr. Rotino: On a point of order, Mr. Speaker, Sir. The answer that is here says the Department of Defence is not aware of any deaths that were caused by Kenya Army and here he says there were no deaths.

Mr. Speaker: That is not a point of order! Next Question, Mr. Nthenge.

Mr. Leshore: On a point of order, Mr. Speaker, Sir. The Assistant Minister has not answered part "b" of my Question.

Mr. Awori: In part "b," Mr. Speaker, Sir, the area in question is among those areas that are used by the Department of Defence for training exercises with clearance and co-ordination of the District Administration to ensure that people do not enter the area for the duration of the training.

Mr. Speaker: Well, I suppose he had answered that question. Next Question, Mr. Nthenge!

Question No. 405

DEGRADATION OF ENVIRONMENT

Mr. Nthenge asked the Minister for Agriculture, Livestock Development and Marketing if he could set out specific regulations to safeguard the country's river beds from unwarranted cultivation, as this practice has inevitably led to environmental degradation.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Maundu): Mr. Speaker, Sir, I beg to reply.

The Ministry has an existing regulation on water protection which is implemented by the Director of Agriculture. According to the Agriculture Act, Cap. 318, Legal Notice No. 26 of 1965, the Agriculture Basic Land Usage Regulation 6, prohibits cultivation within two metres of a water course, or if the water course---

Mr. Michuki: Mr. Speaker, Sir, are we talking about cultivation of river beds or riverbanks? Because how does one cultivate a river bed which is flowing? It is the river bank.

Mr. Speaker: I would rather Mr. Maundu answered that.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Maundu): Mr. Speaker, I have not completed the answer to this Question, so possibly it will come as a supplementary question. I have said that, within these regulations, it prohibits cultivation within two metres of a water course or, if the water course is wider than two metres, within a distance equal to the width of the water course, but not exceeding 30 metres. In addition, Regulation 11 empowers the local District Agricultural Committees to make any regulation based on this basic land usage rules to protect the riverbanks.

Mr. Nthenge: Mr. Speaker, Sir, the Assistant Minister is telling us what should be done and my Question is why it is not done the way it should be done? Because, now cultivation goes up to the river itself and you find a lot of harm being done and our rivers are being spoilt.

Mr. Maundu: Mr. Speaker, Sir, we need specific cases of areas where this has not been done. But, the policy of the Ministry is clear; it is stipulated and governed by an Act of Parliament which the Ministry implements regularly.

Mr. Gitonga: Mr. Speaker, Sir, the Assistant Minister is asking for specific areas, but [Mr. Gitonga] there is nothing to prove here because it is an obvious thing. Everywhere you go people have cultivated right to the river, they do not leave any space. Would the Assistant Minister give instructions that these areas should not be cultivated - the river banks?

Mr. Maundu: Mr. Speaker, Sir, I have answered that question, but for the avoidance of doubt, the Ministry is clear on this particular policy. But, if you have a particular area which you are concerned about---

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is it in order for the Member here to ask a specific question about river beds when the Assistant Minister, in fact, is addressing an issue on river banks?

Mr. Speaker: Well, I do not know what Mr. Nthenge meant. Whether you can actually cultivate, as Mr. Michuki says, a river bed? I do not know whether the Assistant Minister knows of any law that stops you from cultivating a river bed!

Mr. Farah: Mr. Speaker, Sir, if he got the Question to mean that Mr. Nthenge wanted protection of the river banks, that is fine. But, if he talks of river beds, there is no protection for that. River banks are protected.

Mr. Speaker: Mr. Nthenge, are you talking of beds or banks?

Mr. Nthenge: Mr. Speaker, Sir, I mean banks. You know in English both words mean the same thing. But, let us avoid the word "bed". The issue is, when water flows in our rivers, it is not always of the same volume. During the rainy season, the river bank widens. So, I am asking for the protection of rivers. And as per our laws, river banks are supposed to be protected, but in practice the contrary is being done. Will he make sure that he acts and instructs his people to implement the law as it is?

Mr. Maundu: Yes, indeed, but I would be much happier to get specific areas so that we are dealing with a specific problem.

Mr. Farah: Mr. Speaker, Sir, for the benefit of the Assistant Minister, the hon Questioner is talking about river beds. He is actually talking of cultivation of the river bed sand for construction purposes, as an ecologically highly damaging activity. So, are you aware that what you are talking about is the river bed? This is the silt that comes through there and if it is cultivated, it will create an irreversible ecological damage. Can you go back and come with a technical answer on that?

Mr. Maundu: This answer is all together perfect. I think the Questioner is the one who is misleading himself, because hon. Nthenge wants protection from unwarranted cultivation, not harvesting of sand.

Dr. Lwali-Oyondi: Mr. Speaker, Sir, in his answer, the Assistant Minister of cultivation not taking place with two metres of a water course. Two metres are quite controversial when it comes to a river anyway. The river widens and contracts during a rainy season. Could it not be in order to leave about ten metres of the bank?

Mr. Maundu: Mr. Speaker, Sir, I think it is not practical. Leaving ten metres is too big a stretch. But, in any event we are talking of the water course. If the water course changes this year or next year, the rule applies as stipulated in the Act.

Mr. Gitau: On a point of order, Mr. Speaker, Sir. I would like the Assistant Minister to clarify the size of the riverbank, because, in some areas we are told to leave a space of ten metres and now he is talking about two metres?

Mr. Speaker: Well, Mr. Gitau, that was a very good supplementary question, but, as it were, you were unlucky to catch my eye. So, will you wait until another opportunity presents itself. Next Question, Mr. Maoka Maore.

Question No. 761

EXAMINATION IRREGULARITIES

Mr. Wamae, on behalf of **Mr. Maore**, asked the Minister for Education:-

(a) how many schools, per district, have been involved in examination irregularities at the Kenya Certificate of Primary Education and Kenya Certificate of Secondary Education level between 1990 and 1994, throughout the Country;

(b) how many supervisors and teachers have been penalised or disciplined for abetting these irregularities; and

(c) why the Kenya National Examination Council penalises the student while leaving the accomplice to go scot free.

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

(a) I have something like 8 pages of detailed statistics and they may take too long for me to read in details, as he wants an answer for each district.

Mr. Speaker: Table it.

The Assistant Minister for Education (Mr. Komora): Thank you, very much, Sir.

(Mr. Komora laid the document on the Table)

[The Assistant Minister for Education]

(b) It is not possible for me to give the breakdown of survivors and teachers who are disciplined for abetting these irregularities as no record has been kept as these things take place.

(c) It is not true that only the students are penalised for cheating while their accomplices are left scot free. Where there is enough evidence against the supervisors, teachers and District Education Officers, interdiction has taken place, and necessary disciplinary action has been taken.

Mr. Wamae: There is no difficulty in telling us how many schools per district have been involved in examination irregularities.

Mr. Speaker: There is nothing wrong, Mr. Wamae, in Tabling it. You can get that information if you walk over. It is part of the record now. So, would you like to ask any other supplementary question?

Mr. Wamae: Could the hon. Assistant Minister, tell this House how many teachers and supervisors have been dismissed for this irregularity?

Mr. Komora: Mr. Speaker, Sir, I have already replied to that question. I have said that we do not have records or the details of what has taken place since 1991. It is not possible at the moment to give a statistical analysis.

Mr. Anyona: Although I have not seen the list that has been Tabled by the Assistant Minister, I do know that last year, one of the schools affected by this problem was the Alliance High School. The headmaster of that school was harassed by the Kenya Examination Council and I am told that there are efforts through the TSC to have him removed from Alliance High School or dismissed. I would like to know from the Assistant Minister, who is in charge of an examination centre? Is it the headmaster of that school, the teachers of that school or is it the supervisor? How does the headmaster of a school become responsible for a centre over which there is a supervisor?

Mr. Komora: The headmaster of a school is responsible for overall performance of any educational activity in the school and if his teachers and staff are involved in examination irregularities, he takes responsibility.

Prof. Mzee: Mr. Speaker, Sir, is the Assistant Minister not misleading this House when he says he has accurate records on schools and districts which are involved in examination irregularities, but there is no record whatsoever of the supervisors and invigilators who were involved and who have been punished? This is very awkward because it takes two to tango. You cannot cheat unless the supervisors assist you to cheat. My question is, could the Assistant Minister confirm or deny that there is a coverup when supervisors and teachers are involved and only students are penalised? He does not have any records whatsoever of any teachers because they are not interested in penalising the teachers and supervisors?

Mr. Komora: Mr. Speaker, Sir, I am not aware of any cover-ups.

Mr. Anyona: The question I asked is, who is in charge of an examination centre of a given school? I was not talking about education generally. I know that the headmaster is in control. What about when the headmaster of a particular school is the supervisor elsewhere? Would he still be responsible for what goes on in that school? In this particular case I want to know what happened at Alliance High School and why the headmaster of that school is being harassed.

Mr. Komora: Mr. Speaker, Sir, a detailed information about Alliance High School is not possible because it was not part of this particular Question. But the headmaster of a secondary school is unlikely to be a supervisor in another school when his own school is a major centre like Alliance High School.

CONSTRUCTION OF CATTLE DIPS

Mr. Speaker: Dr. Wako is not here? We will leave that Question for now. Next Question!

Question No. 828

TOMATOES CANNING FACTORY

Bishop Kimani asked the Minister for Agriculture, Livestock Development and Marketing:—

(a) whether he is aware that farmers in Nakuru North produce a lot of tomatoes and that the present canning factory is unable to cope with the current production; and

(b) if the answer to "a" above is in the affirmative, what plans the Ministry has to ensure that another canning factory is constructed in the area to cope with the production.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. Maundu): Mr. Speaker Sir, I beg to reply.

(a) I am aware that farmers in Nakuru North produce a lot of tomatoes amounting to 60 per cent of the total district's tomato production. The main canning factory for the tomatoes produced is the Kabasi Cannery whose processing capacity is 60 tonnes of tomatoes per day. This factory runs throughout the year and in most cases, it operates below capacity due to inadequate supply of tomatoes except during peak periods. The factory therefore, is not unable to cope with the current production.

(b) In view of this, the Ministry does not have plans to construct another canning factory as there are two other factories within reach, that is in Njoro and Kokoto canning factory which is within a high potential area, with a processing capacity of 100 tonnes and 10 tonnes respectively per day.

Bishop Kimani: Mr. Speaker, Sir, the answer given by the Minister is completely misleading. My area produces a lot of potatoes within the district and we only have one factory. Last year we had tomatoes rotting and farmers were crying all over. I do not understand why the Assistant Minister cannot tell this House why there should be a factory at Njoro and Kokoto where there are no tomato producers instead of building it at Nakuru North. Since our farmers are peasant and they have very small plots, he should consider them. Could the Assistant Minister tell this House why these two factories were taken to Njoro where there is no tomato production?

Mr. Maundu: Mr. Speaker, Sir, the Kabasi Cannery Factory is big enough and it takes care of all the produce within the area where the hon. Member comes from.

Bishop Kimani: The Assistant Minister is misleading the House. Is he in order to say that the factory in Kabasi is big enough while the farmers are losing a lot of tomatoes? They are poor and they need money to educate their children. Could he ensure therefore that we will get another factory either in Ndongori or Bahati so that we can grow more tomatoes?

Mr. Maundu: For purposes of clarity, this factory at Kabasi area is sufficient. The production of tomatoes in this area is irregular but during peak seasons this factory copes and it is idle in some months of the year! To put up another factory in this area would not be economical. In any case, we have liberalised this particular aspect of production and we encourage farmers within that particular area, that if there is sufficient need to put up a facility to cater for the surplus which cannot be taken by the Kabasi factory---

Question No. 812

PAYMENT OF RENTS

Mr. Speaker: Hon. Ruhii's Question is deferred

(Question deferred)

Question No. 761

EXAMINATION IRREGULARITIES

Mr. Speaker: Mr. Nyaga is not here? We will leave that Question for now.

Question No. 1090

POWER SUPPLY IN KANDARA

Mr. Karenge asked the Minister for Energy:-

(a) whether he is aware that Kiburugi Shopping Centre in Muruka Location of Kandara Division has no electricity; and

(b) what urgent measures he is taking to ensure that there is power supply, given that the power lines pass just overhead.

The Minister for Energy (Mr. Mbela): Mr. Speaker, Sir, I beg to reply.

(a) I am aware

(b) The Ministry will consider installing electricity at Kaburugi Shopping Centre in Muruka Location of Kandara Division once the project has been prioritized by the Murang'a DDC, and when sufficient funds for the project will have been secured.

Mr. Karenge: I do not know whether the Minister is aware that this project did not go through the DDC as such, but it was a Presidential directive. It appears wrong that you are asking a small portion to be taken to the DDC when funds are made available. Could your Ministry consider installing electricity in that shopping centre to extend to where the President said at that time?

Mr. Mbela: Mr. Speaker, Sir, we are talking about Kshs.1.6 million from public funds which we will commit with the agreement of the local leaders. We have been given the priorities for that area and that is not priority number one.

Mr. Gitau: Mr. Speaker, Sir, last year, the Minister promised that immediately after the Budget we would see action being taken in the Rural Electrification Programme. Since that time, we have not seen any action at all. Could the Minister tell us what went wrong? We saw what happened in Kipipiri the other day. Since KANU was looking for votes, they tried to install electricity for political reasons. I understand that when they failed to get votes, all the electrical posts were taken away. Why was that? Why did he make that promise? So, far nothing has happened.

Mr. Speaker: You have asked enough. Can you now pause to hear the answer?

Mr. Mbela: Mr. Speaker, Sir, there are a lot of activities taking place in the whole of Kenya. We are spending an average of about Kshs.5 to 6 million per district, as can be seen from our Vote. But I would like also to admit that there have been occasions when we have not moved very fast because of lack of the Exchequer releases. Money can be provided in the Votes, but until it is released and credited to our account in the Central Bank, we can not spend it.

Mr. Michuki: Mr. Speaker, Sir, the financial position in the Ministry, as we were told, is that instead of raising Kshs.3.6 billion through Treasury Bills, the Ministry of Finance has raised Kshs.6.5 billion. Could the Minister then tell us why he is accepting the excuses of cash-flow since, in fact, they have raised by more than hundred times what was envisaged in the current Budget?

Mr. Mbela: Mr. Speaker, Sir, I would like to say that I have not failed to ask for money to be released to the Ministry. In fact, with regard to the Rural Electrification Programme, we are intending to move faster. Indeed, we expect more money to be released as a result of improved cash-flow situation as hon. Michuki has said.

Mr. Ndicho: Mr. Speaker, Sir, can the Minister tell us why the Rural Electrification Programme is not implemented at all in this country. It is only there in the papers and theory, because there is no place in this country where Rural Electrification Programme is implemented? Why is that the case?

Mr. Mbela: Mr. Speaker, Sir, I think I have answered that question. What I have said is that money has been provided in the Vote for every district, but until the actual cash is released into our cash books and credited, we are unable to spend it. We would like to give it a priority because it is one way in which we can be able to improve rural unemployment.

Question No. 1103

OUTCOME OF TASK FORCE

Mr. Mumba, on behalf of **Mr. Badawy** asked the Minister for Tourism and Wildlife the outcome of the Inter-Ministerial Task Force, headed by the then Permanent Secretary, in the

Ministry to look into the complaints raised by *wananchi* and the Kilifi District Development Committee against foreigners who venture into small scale-business.

The Assistant Minister for Tourism and Wildlife (Mr. Sing'alu): Mr. Speaker, Sir, I beg to reply.

The Inter-Ministerial Task Force has not yet concluded its report. The report will be made public as soon as it is completed.

Mr. Mumba: Mr. Speaker, Sir, this Task Force undertook its work more than one and half years ago. It is a very long time now and maybe, the Assistant Minister should tell us when this Task Force will produce its report. At the moment, foreigners are still being employed to do small jobs like running kiosks, fishing boats or becoming ice-cream vendors. Will the Assistant Minister confirm how soon the report will come out?

Mr. Sing'alu: Mr. Speaker, Sir, this report will be out early next year.

Prof. Mzee: Mr. Speaker, Sir, notwithstanding the report of the Task Force, for many years now, the work which could be done by ordinary wananchi like ferrying tourists to the Marine Park or operating small restaurants where we serve local foods is being done by foreigners. For instance, in Shimoni in South Coast, the work of ferrying tourists to the Marine Parks has been given to one single lady who is a foreigner, and the local people have been left out. What is the Ministry doing to correct this situation, notwithstanding the report of the Task Force?

Mr. Sing'alu: Mr. Speaker, Sir, that is the reason why the Task Force was formed. The Ministry can do nothing until it receives the report from the Task Force. I promised the House that it will be ready early next year.

Question No. 804

INTERDICTION OF MR. MWANGI

Mr. Speaker: Is Mr. Nyaga still not here? So, the Question is dropped.

(Question dropped)

For the second time, Question No.864.

Question No. 864

CONSTRUCTION OF CATTLE DIPS

Mr. Moiben: Mr. Speaker, Sir, on behalf of **Mr. Wako**, I beg to ask Question No. 864.

Mr. Speaker: Where were you the first time round?

Mr. Moiben: I forgot to ask the Question, Mr. Speaker, Sir. Sincerely, I forgot!

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. We are used to you calling our names, and not numbers. So, when you call the number, we get confused.

Mr. Speaker: Where were you, Mr. Moiben? First of all, do you have the instructions? Have you been instructed?

Mr. Moiben: Mr. Speaker, Sir, sorry?

Mr. Speaker: Do you have instructions to ask that Question?

Mr. Moiben: No, Mr. Speaker, Sir. But my colleague instructed me---

Mr. Speaker: Question dropped.

(Question dropped)

For the second time, Question No. 762.

Mr. Ndicho: Mr. Speaker, Sir, this Question concerns---

Mr. Speaker: Are you asking it?

Mr. Ndicho: No, Mr. Speaker, Sir, I want to explain because part "b" has been overtaken by some events. So, I beg that part "b" be withdrawn and part "a" and "c" be answered. Even though, I beg to ask Question No. 762, and apologise for coming late.

Question No. 762

EVICTION OF HAWKERS

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

- (a) whether he is aware that on Thursday, June 22, 1995, the Government directed that 502 hawkers evicted by Thika Municipal Council from their trading premises be reinstated immediately;
- (b) whether he is also aware that the Government also directed that Gatukuyu Coffee farmers hold their annual general meeting and elections forthwith; and,
- (c) why the District Commissioner, Thika and Thika Municipal Council failed to implement the said directives.

Mr. Speaker: I am not quite sure whether you can ask part of the Question and leave out the other, because there is one Question as a whole? So, will you answer all of it, Mr. Awori?

The Assistant Minister, Office of the President (Mr. Awori): Yes, Mr. Speaker, Sir, I will answer all of it. Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that the Government directed the 502 hawkers evicted by Thika Municipal Council from their trading grounds to be resettled elsewhere.

(b) Yes, I am aware.

(c) The District Commissioner, Thika District and the Thika Municipality have already implemented all the above stated directives.

Mr. Ndicho: Mr. Speaker, Sir, the problem which pertained still persists, I am very happy because when these hawkers were evicted by the council and they had nowhere else to go, fortunately the President happened to pass through Thika on his way to Murang'a. So, we seized the opportunity to ask him to have these people settled in that place they are calling 'elsewhere'. Mr. Speaker, Sir---

Mr. Speaker: Very well!

Mr. Ndicho: My Question is: Could the Assistant Minister tell this House if he is aware that this place they are calling 'elsewhere' where these hawkers were supposed to be settled as per the Presidential directive, has now been encroached by the same councillors who had evicted them? Can the Assistant Minister ensure that this particular 'elsewhere' where these hawkers are now working, is not encroached by the same councillors?

Mr. Speaker: Mr. Awori, did you understand this particular, "elsewhere"?

(Laughter)

Mr. Awori: Mr. Speaker, Sir, I do understand. I will put a name to that "elsewhere." The "elsewhere" is, in fact, at Kangori, next to Moi Gardens. As to the second part of the Question, it is very difficult for me to control the councillors, particularly councillors from the Opposition. Had they been KANU councillors, I could have easily given an undertaking that they would not do it.

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. This Assistant Minister, then, deserves to be sacked by the President because it is the President who gave the directives. If the councillors now encroach and he says he cannot control Opposition councillors, is he telling the President that he cannot control Opposition councillors? Then, he should be sacked. Is he in order to say that?

(Laughter)

Mr. Speaker: You are out of order to arrogate to yourself the prerogative of the President. Next Question!

Mr. Gitau: On a point of order, Mr Speaker, Sir. Whereas I have no quarrel with my colleague asking a Question in my constituency, that is Gatundu Constituency, although he should stick to his troublesome area ---

Mr. Ndicho: On a point of order, Mr Speaker, Sir. I am the Chairman in that district and I asked this Question in that capacity.

Mr. Speaker: The Chairman of what?

Mr. Ndicho: Mr. Speaker, Sir, I am the Chairman of Ford-Asili in Juja Constituency cum Thika District. So, if something goes wrong in that district, including Gatundu, it is my responsibility to ask Questions especially when the area Member of Parliament does not ask. What do we do? The Chairman cannot just leave

the people to be treated like that.

(Laughter)

Mr. Speaker: Order! Order, Mr Ndicho! Mr. Gitau, continue.

Mr. Gitau: Mr. Speaker, Sir, we know some leaders like to impose themselves. There have been no elections anyway and he is not the Chairman of Ford-Asili. My question is, is the Chairman --

Mr. Speaker: Order! Order, Mr. Gitau! For the time being, we are Members of Parliament, and that is what you are until you leave the precincts of this House. You can then re-try your partism. So, can we now forget about party squabbles!

Mr. Gitau: Mr. Speaker, Sir, part "b" of this Question of hon. Ndicho ought to have been answered properly. Will the Government ensure that coffee and tea farmers, will not be wishing for years to kneel down to the President to be allowed to hold their Annual General Meetings (AGM) because in this particular case, we had to plead to the President?

Mr. Speaker: Are you with us? Order, Mr Gitau! Obviously, you are not with us. Question by Private Notice, Mr. Kiraitu Murungi!

QUESTIONS BY PRIVATE NOTICE

MURDER OF MR. LURUTI

(Mr. Murungi) to ask the Minister of State, Office of the President, the following Question by Private Notice:-

- (a) What circumstances led to the brutal murder of the late Lt. Col. Geoffrey Baarin Luruti near his home at Kahawa Sukari Estate on 14th November, 1995?
- (b) What steps has the Government taken to bring his killers to book?
- (c) What urgent security measures is the Government taking to protect the resident of Kahawa Sukari Estate from rampant crime and violence?

Mr. Speaker: Mr. Kiraitu Murungi not here?

(Question dropped)

Next Question, Prof. Mzee!

REGISTRATION OF UNIVERSITY STUDENTS

Prof. Mzee: Mr Speaker, Sir, I beg to ask the Minister for Education, the following Question by Private Notice:

- (a) Is the Minister aware that a large number of university students are not registered for the new academic year for failure to raise required fees?
- (b) Since parents earning less than Kshs.300,000.00, a year may not be able to pay the university fees, can the Minister consider raising the ceiling of earnings of parents from Kshs.150,000.00 a year, as announced by the Loans Board, to Kshs.300,000.00 a year to enable more needy students qualify for the university loan?

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

(a) I am not aware that a large number of university students are not yet registered for the new academic year for failure to raise the required fees because the process of registration is still going on in the various universities, from which returns will be received only after they complete the exercise.

(b) My Minister has no intention of raising the ceiling of the earnings of parents of students qualifying to get loans from Kshs.150,000.00 a year to Kshs.300,000.00, as the figure of Kshs.150,000.00 is considered the most representative of the average middle class family in Kenya. This does not mean that the ceiling is a water-tight criterion for the granting of loans, as currently the Higher Education Loans Board (HELB) is reviewing cases of all those students who have submitted appeals against the decisions of the Board.

Prof. Mzee: Mr Speaker, Sir, for example, the University of Nairobi, was re-opened on 13th November and today is 6th December, and until now out of 10,000 students in that University, less than 1,000 have been registered. The maximum loan which has been given is Kshs.42,000.00 and even if a person gets a maximum

loan, he has still to raise Kshs.10,000.00 to pay for accommodation and food. The whole idea of the university loan is unrealistic and the Assistant Minister should be aware of it. It is almost now a month and this is December. The University is going to be closed for three weeks' Christmas vacation. Up until now less than half the number has registered. It is a crisis and this is country ---

Mr. Speaker: Could you now ask your question, please?

Prof. Mzee: Can the Assistant Minister consider allocating more funds for the University loan, especially under the circumstances where this Government has spent Kshs.2.75 billion to buy a Presidential plane? Our priority should be education. I do not know where the priorities are. Is this Government taking a random walk or is it thinking about what it is doing? Can he consider raising the amount of money available for the loans? If he can---

Mr. Speaker: Order! I think you have made your point. There is no point of getting too excited!

Mr. Komora: Mr Speaker, Sir, I do not know where the Prof. got his figures from. I do not understand where he got the figures of 1,000 students being registered. My information is this and we are more factual than the Opposition, of course. We have so far 10,374 students registered, and in the University of Nairobi, money loaned out is Kshs.355,528,000.00. Students who have not yet qualified and who might have appealed are only 954. I have already said in my reply that cases of appeal are being considered.

Mr. Gatabaki: Thank you, Mr Speaker, Sir. This is sad for Kenya. Today, the issue is on qualifications. On what basis is this Ministry considering the loans given to students? This is one case of majimboism being introduced in schools. Is the Assistant Minister aware that there are cases where the Permanent Secretaries' children are given loans while their drivers' children do not qualify for loans?

Mr. Komora: Mr. Speaker, Sir, each case is considered on its merits. I do not know whether the hon. Member has particular cases which he can bring to the Board or the Ministry.

Mr. Shikuku: On a point of order, Mr Speaker, Sir. I am sure you have heard the hon. Member for Githunguri in this House saying categorically that sons and daughters of the Permanent Secretaries get loans, when the daughters and sons of drivers do not. Is it not a case that he should substantiate? Which Permanent Secretary had his or her son---

Mr. Speaker: That is right. I have problems, to be honest with you Mr. Shikuku, in getting what he says.

Mr. Shikuku: My point of order, Mr Speaker---

Mr. Speaker: I did not hear him!

Dr. Kituyi: Thank you, Mr. Speaker, Sir. Arising from the Assistant Minister's reply to part "b", the Act by which this House allowed the Ministry to establish a process of giving loans was founded on an understanding that would facilitate, as much as possible, the children of Kenyans who have passed exams to have a university education. There was no mention at the time about a certain amount of money as representing any class and that class to be able to pay for the fees. Can the Assistant Minister explain under what authority they have arrived at a figure of Kshs.150,000.00 without consideration to size of family and cost of living as the basis of judging who should and who should not qualify for a student loan?

Mr. Komora: Mr. Speaker, Sir, it is the intention of the Government to make sure that all students who have qualified for university are funded to acquire that education. In this context I have already said that despite the fact that we have a ceiling of Kshs150,000.00 we still consider applications or appeals for all cases.

PAYMENT OF COUNCIL WORKERS

(Mr. Mwangi) to ask the Minister for Local Government:-

(a) Is the Minister aware that employees of the Nairobi City Council are having serious financial difficulties due to the enormous salary arrears that have, to date, remained unpaid by the Council?

(b) In view of the fact that most of these workers have children who have been refused admission in the national universities due to lack of fees and have other pressing financial commitments, what urgent steps is the Minister taking to ensure that the arrears amounting to almost Kshs600 million are paid by the 15th December, 1995?

Mr. Speaker: Mr. Mwangi still not here?

(Question dropped)

CONSTRUCTION OF POWER PLANT

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

(a) Is the Minister aware that announcement by the Managing Director of Kerio Valley Development Authority, to the effect that the Authority is looking for money from France, Britain and Germany to build a hydro-electric dam on Talal River in Keiyo District, is causing fear among the people of Western Kenya as they are already thinking that this move may mean that Sondu-Miriu Hydro-electric Project, which was in the 1995/96 Budget, has been shelved once again?

(b) Has the Minister authorised the Kerio Valley Development Authority to solicit funds abroad for the Talal River Project which was not on the Budget?

(c) Can the Minister give an assurance that the Sondu-Miriu Hydro-electric Project is still one of the Government's 1995/96 priority and when is the work scheduled to begin?

The Minister for Energy (Mr. Mbela): Mr. Speaker, Sir, I beg to reply.

(a) I am not aware.

(b) No.

(c) Plans on Sondu-Miriu Hydro-electric Project have not been altered and the project is still on course. Work will begin as soon as the Government will have assembled sufficient funds for the project. The project is estimated to cost \$181.9 or Kshs10.2 billion. Out of this figure, local funding will be \$54.5 million and \$127.4 million is expected to come from external sources.

Mr. Akumu: While I am quite happy with the reply to part "b", I am surprised and I think the Minister is misleading the House because if he did not know that the Managing Director of Kerio Valley Development Authority made this announcement, one can understand if he does not read *Weekly Review, Economic Review* and Nation Group of newspapers. One would expect the Government Minister to be listening to national radio and television stations, and it was very clearly announced that the man was looking for funds for this project.

Mr. Speaker: Mr. Akumu, no Minister is responsible for what appears in the Press.

Mr. Akumu: Not even in the National Radio, Sir?

Mr. Speaker: No.

Mr. Akumu: But let me then ask, why has the Government not started, for example, discussion on compensation to the people that may be affected when the work actually starts on the Hydro-electric Project?

Mr. Mbela: Mr. Speaker, Sir, the moment I confirm and sign the external funding which is an essential part of the project, we will start compensating the people who are going to be affected. Work has been done and we have all the details including valuation and studies to make sure that we will not be delayed by that aspect.

Mr. Anyona: The answer given raises a certain amount of confusion as to whether the project belongs to Kerio Valley or the Lake Basin Development Authority. Now, could the Minister first of all clarify whether it is under Lake Basin Authority or Kerio Valley Development Authority? But in any case, there is a large number of people affected by this project and at the moment they cannot do any plan because the Government has not told them when they are going to start and what is going to happen. What is he going to do? Has he signed any contract with the people and they have a right to revoke those contracts in view of the fact that the Government is dragging its feet?

Mr. Mbela: Mr. Speaker, Sir, the project comes under the Ministry. I am talking about Sondu-Miriu. There is confusion about Kerio Valley Development Authority being able to propose a project which they need for irrigation and portable water, and with only a small possibility of generating three megawatts and that is what has generated all the rumour-mongering. But going back to what the hon. Anyona has asked, I would like to say that the portion that will be affected by Sondu-Miriu Project is only 164 people. But maybe he has in mind the Magwagwa Project which will be on the second phase and which will affect Bomet, Nyamira and Kericho; which will affect nearly 2000 families.

Mr. Karan: Mr. Speaker, Sir, you heard what the Minister said, that he is still assembling funds to start this project. How did this Government find it easy to assemble funds for the Presidential Jet while a project of this kind cannot get enough funds to be started? When do we expect this project to start?

Mr. Mbela: Mr. Speaker, Sir, a lot of work has been done on this project, starting in 1985 when the feasibility studies were done. Then in 1990 to 1991 and completed in 1992 when a detailed engineering design and tender documents were prepared. And then environmental studies which are very vital were completed in 1993. We have gone extremely far. I hope within three months we will be in a position to sign the agreement for this project.

MURDER OF SARO WIWA

Mr. Orenko: Mr. Speaker, Sir, I beg to ask the Minister for Foreign Affairs and International Co-operation the following Question by Private Notice.

(a) What specific measures is the Government taking, in line with other efforts being made by Commonwealth countries and the international community, to express its disgust with Nigeria's bad record of human rights violations, and particularly the Judicial murder of Minority Rights Leader and Writer Saro Wiwa and his colleagues?

(b) What is Kenya's foreign policy position on the situation in Nigeria?

The Assistant Minister for Foreign Affairs and International Co-operation (Dr. Manduku): Mr. Speaker, Sir, I beg to reply.

(a) In line with efforts being undertaken by the international community with regard the situation in Nigeria, His Excellency the President went to Nigeria recently to appeal to the Nigerian Government to commute the death sentence imposed on coup plotters. Kenya Government has condemned in no uncertain terms the execution of Ken Saro Wiwa and his colleagues. In this light, Kenya supported the measures adopted at the Commonwealth Heads of Government meeting held in New Zealand including the suspension of Nigeria from the Commonwealth for two years.

(b) Kenya Government foreign policy position towards the situation in Nigeria is that the military in Nigeria should disengage itself from the political scene and pave way for democratically elected civilian Government. The Nigerian Head of State has already given his commitments to this and has announced the timetable. All these must be seen against Government declared policy of none-interference in internal affairs of other countries.

Thank you, Mr. Speaker, Sir.

Mr. Orenko: Mr. Speaker, Sir, the first part of the answer given by the Assistant Minister is incorrect because when President Moi went to Nigeria the sentence had not been imposed on Saro Wiwa at all. But that as it may, President Moi is a very senior statesman in this region and Southern Africa and you are talking about a situation where a senior Head of State goes to another country trying to get a commitment from that country and that country does exactly the opposite. This shows exactly what President Abacha thinks of President Moi---

Mr. Speaker: Are you talking about countries or Presidents?

Mr. Orenko: Yes, but he has brought the name of the President here; it is not me.

Mr. Speaker: Well, first of all you know that you cannot use the name of the President to advance your argument as a Back-bencher. That is in the Standing Orders. You cannot use it as authority for what you say.

Mr. Orenko: No, I am not using it as an authority. He is the one who says that President Moi went to Nigeria. I have not said that. That came from the Assistant Minister but what I am saying is this: Many countries have recalled their Ambassadors to Nigeria to show their disgust with the action of the Nigerian Government. What in terms of concrete action has the Government of Kenya done to show that it values life whether it is in Kenya or Nigeria?

Dr. Manduku: Mr. Speaker, Sir, if I may make reference to what the hon. Member is talking about, the concern of Kenya and His Excellency the President over the situation in Nigeria, I think it is in order that the President is concerned and that is why he went there. But when he made the request, it does not mean that it had to be granted. When you look at the resolutions passed by the Commonwealth Heads of States, our President or the Kenya Government has supported that and therefore, all the resolutions that have been passed, we are supporters.

Mr. Shikuku: Mr. Speaker, Sir, we want to know what concrete steps this Government has taken to demonstrate to the Nigerian Government that we are not amused with the hanging of those citizens of Africa by the regime. Other countries have withdrawn their Ambassadors or High Commissioners from Nigeria. What concrete steps did this Government take?

Dr. Manduku: Mr. Speaker, Sir, I do not think all the Commonwealth countries have withdrawn Ambassadors from Nigeria but to say the least, Kenya does not hold a High Commission in Nigeria. What we have in Nigeria is just a Charge d' Affaire.

Mr. Farah: Mr. Speaker, Sir, aware of the fact that this execution came long after there was a struggle between Shell's exploitation of the minority Ogoni people and Ken Saro Wiwa's efforts in protecting the minorities there who are like the Maasais in Kenya and the Somalis because we are also minorities here, could the Assistant Minister tell us what concrete steps are being taken against Shell because it is responsible for the murder of Ken Saro Wiwa and the eight other people? What steps are we taking about Shell's business in Kenya because Shell is

an accomplice to that?

Dr. Manduku: Mr. Speaker, Sir, I think we are talking about Nigeria and the steps Kenya has taken is to support the Commonwealth resolutions.

Mr. Kapten: Mr. Speaker, Sir, we may not be having a High Commission in Nigeria but certainly we have somebody; a Charge d' Affaires in Nigeria. Can the Government of Kenya consider recalling our Charge D' Affaires in Nigeria to show that this country is concerned with the judicial murder that happened in Nigeria?

Dr. Manduku: I hope the hon. Member is not suggesting that we close down our mission in Nigeria and if I may answer that, I will say that even those few countries which have recalled their Ambassadors have not closed down their missions.

Mr. Orengo: Mr. Speaker, Sir, the Assistant Minister says that our Government believes in the policy of non-interference with internal affairs of other countries. I wonder, under what capacity did this country send the President to Nigeria to appeal to that country not to execute the sentences on Saro Wiwa and his colleagues? If we believe in non-interference, why go to that State which has courts which have decided to sentence them to death? Which policy basis were you using to send the President to Nigeria?

Dr. Manduku: Mr. Speaker, Sir, I think going to make negotiations and an appeal does not mean interfering with other countries' internal affairs, but it is just bilateral relations. They can also come and request for anything they think we can do to help other people. So, I think it is not interfering with internal affairs of other nations.

POINT OF ORDER

APPLICATIONS FOR RADIO/TV LICENCES

Mr. Kamuyu: On a point of order, Mr. Speaker, Sir. You recall that on 7th of last month I asked Question No. 376 and according to our record in the HANSARD, you were supposed to look at the pleadings the hon. Makau would bring to you. The Question was about applications for radio and television licences and the question was partly answered. You remember that 18 applications and 23 radio licences have been processed. Hon. Makau did promise that he would bring this matter back to the House and, in fact, the Question was deferred. A deferred question clearly has to come back to the House. We are closing tomorrow and I am extremely worried that this matter may be now submerged into oblivion. It is a very sensitive matter nationally. Can we have your ruling?

Mr. Speaker: I agree with you. There was the issue that I asked the hon. Minister to supply the Chair with a copy of the pleadings for me to be able to decide whether or not the matter that is needed was in truth *sub-judice*. I am afraid to date I have not got the pleadings from the hon. Minister.

The Minister for Information and Broadcasting: (Mr. Makau): Mr. Speaker, Sir, I am surprised because I brought it to the Clerk of the National Assembly. I was informed by him that it was brought.

Mr. Speaker: Anyway, I will sort out that matter. Anyway hon. Members I wish to bring to the attention of the House that again we are now proceeding to a Supplementary Paper. Next Order!

BILL

Second Reading

THE CENTRAL BANK OF KENYA (AMENDMENT) BILL

*(The Assistant Minister for
Finance (Mr. Koech) on 2.11.95)*

(Resumption of Debate interrupted on 2.11.95)

Mr. Speaker: Mr. Shikuku, you have already contributed.

Mr. Shikuku: I was just standing on a point of order to ask who was speaking.

Mr. Speaker: Nobody was speaking.

An hon. Member: It was the hon. Saitoti.

Mr. Speaker: In fact, what the hon. Osogo and the hon. Vice-President did was to speak on a Motion for

Adjournment of the debate as at that time. The debate was adjourned consequently. So back to square one, the Bill as it was. So it is open to anybody who has not spoken including the Vice-President.

The Vice-President and Minister for Planning and National Development: (Prof. Saitoti): Thank you very much, Mr. Speaker, Sir. I would like to take the first opportunity to make my contribution to the Central Bank of Kenya (Amendment) Bill and just to draw the attention of this august House to the fact that debate on this Bill was indeed postponed, immediately we did have some difficulties as far as the Exchange Control Bill was concerned. Now that the Exchange Control Bill has since been through this House, the Central Bank Bill debate is being resumed and I would like to say that it is a matter of pleasure to know that the Minister for Finance has also appended a number of amendments which, I believe are going to be introduced at the Committee Stage.

Mr. Speaker, Sir, once the Exchange Control Act is repealed one may ask how come that certain amendments are being brought under the Central Bank of Kenya (Amendment) Bill. Maybe some people may very well wish to extend the imagination to the fact that perhaps the Government, by repealing the Exchange Control Act is, through the back door, reinstating some of the restrictions in the Central Bank Bill. I want to allay the fears of the hon. Members and say quite categorically that the Government's intention is to have a complete free regime in the matter of dealing with foreign exchange.

This Bill has been brought to ensure that the door is not completely open in an extremely open and free state of transaction of hard currency. It is for this reason that the whole concept of authorised dealers has been introduced in this Bill. Hon. Members are aware of the fact that quite a number of foreign bureaux dealing in hard currency have already been introduced in this country and at the same time, we also have commercial banks dealing with foreign exchange. Essentially here what is being proposed in this Bill is to stipulate the fact that those who are going to be involved in the act of trading with hard currency are going to have to be authorised by the Central Bank just as much as those who are involved in trading with money, including even the Shillings, have got to be authorised. This is, indeed, true in the case of the commercial banks in this country. The commercial banks that deal in the various transactions of money including local currency, have got to obtain a licence from the Central Bank. In the same manner, it is reasonable to expect that foreign bureaux too need to be licensed so that it is not an open-ended platform where everybody goes and opens his own little shop and starts trading in hard currency. If we were to do that, there would be a lot of abuse. But I think that the most important thing which is also introduced in this Bill, is the fact that we are making sure that these dealers of hard currency are licensed and also the insistence especially the section which deals with the fact that all major transactions have got to be effected through authorised dealers or banks. It is important to do that because the country or the Government for that matter, needs to be able to keep the data of the money coming in and going out of the country. I believe that every country, anywhere in this world, needs to be able to have a record of how much money in hard currency comes into the country and how much of it goes out. But I would like to say here that small transactions are not subjected to that proviso because the proviso says; "Thus except for the so-called current transactions, the other payments have got to be effected through commercial banks." It is important for us to know what we actually mean by "the so-called current transaction," "Current transaction," as defined in this Bill means "payment other than a payment for transfer of capital and includes payment due in connection with trade." That in itself means that if certain payments have to be made for the purchases of items from a shop, those ones can be effected in actual cash and those ones are not subjected to the proviso that they must be made through an authorised dealer. At the same time, this also includes payment as interest on a loan or income from an investment. It also includes payment of amortisation of a loan or depreciation of direct investment. It also includes remittances of family living expenses. So, to that extent, no real strong strictures have been imposed here in the sense that people can still be able to go to a hotel and effect their payment in cash. They can also go and buy other small items and pay for them in hard cash. But it is these very large payments for various purchases of capital goods, equipment and other things where these payments have to be effected through commercial banks or authorised dealers. That in itself does not amount to re-introduction of the Exchange Control. It is purely for the purpose of keeping the records.

Mr. Speaker, Sir, indeed, in the Bill, I can notice that there will be some amendments which will be introduced to ensure that certain areas, where limitations were effected in the amount of money to come and to be taken out have been reformed. However, I would also like to point out to this House that there will still be residual powers vested in the Minister for Finance where in the event, if it became necessary, and I want to emphasise that fact, through regulation in gazzetment, he could very well be able to come to the House, or for that matter issue those regulations, but only if it were necessary. But essentially what should be seen is that indeed this Central Bank of Kenya (Amendment) Bill is essentially to supplement the repeal of the Exchange Control, but essentially to ensure that the movement of money is being effected properly by the authorised dealers, the Bureaux and the Banks. The whole area of the Foreign Exchange Control will be totally freed and the Government has got

no intention, whatsoever, to re-introduce any kinds of control, but as I said for the purpose of record, it is important. So, it is my belief that the august House will find it fit to pass this particular Bill in order to answer that indeed, the liberalisation in the money market will go on totally unhindered.

Mr. Speaker, Sir, I beg to support this Bill.

Mr. Kibaki: Mr. Speaker, Sir, I rise to support the Bill. First of all, let me say that I accept the amendment. We need this amendment now that the Exchange Control is no longer part of our laws so that the Central Bank may effectively carry out some of those roles which were covered by that law. That is acceptable!

The point I want to raise is this: Since we have now liberalized the economy and we are likely to go on improving on liberalization, one of the essential parts of liberalization particularly with regard to money management is to have a Central Bank that has independence. A Central Bank that has independence from Treasury and the Government. That is also an acceptable fact. It is surprising that the Minister who moved this Bill did not say anything about it. He did not say when they are likely to do it neither did he say that the policy as regards relationships between Government and Central Bank is going to be changed in any way significantly and that is a worrying fact. On one hand we are telling the world with a straight face that we are going to have liberalization, we have abolished the Exchange Control Act - it is true we have done that - but why have we not also decided as a Government that we will no longer control the Central Bank via Treasury by giving it instructions? I make this point because unless instructions to Central Bank are controlled, and in fact stopped, we shall continue to have very limited success in controlling and managing inflation. Today, the biggest single economic problem in this nation, and particularly in the financial sector and this affects all other sectors, is the fact that the Government of Kenya, despite collecting enormous quantities of revenue and despite the fact that Kenyans are paying more tax than was estimated in the Budget, the Central Government is borrowing heavily from the Central Bank and that is what is increasing money supply in the economy. Money supply now is excessive once more and you know the crisis we had two years ago when the supply of money was so enormous that inflation rose to alarming levels and everybody was suffering. Prices of everything shot up and money itself was valueless in relation to other currencies. Now the Central Government, which at that time restrained a little from borrowing is gone back to borrowing very heavily from the Central Bank.

Borrowing from the Central Bank is creating new money. Central Bank does not have any deposits from anybody. Therefore, it has no money of its own from any deposits. So, it can only print new notes which it is proceeding to do and therefore increasing the supply of money to the economy of Kenya and that is what has re-introduced inflation. That is why they are issuing billions of Treasury Bills and offering very high rates of interest. Those rates of interest they are offering set the trend for the commercial banks to be equally competitive. Now, commercial banks have to compete with the Central Bank and this is really terrible. It is really terrible that the Central Bank has made itself a competitor of commercial bank whereas it should have surveillance, controls and regulations of the commercial banks but not itself to become a competitor by raising rates of interest it is offering to Treasury Bills so as to be able to borrow heavily. Now, that way commercial banks have now increased rates of interest on all commercial and industrial operations and personal borrowing which in effect means that while we are talking about liberalization leading to greater investments in economy and offering some employment this is not going to happen. The rates of interest now have gone back to upper 20 per cent and above all, there is no industrial operation which can service a rate of interest of 25,26 or 30 per cent. There are no such operations. So, it means that the net effect of that borrowing is to make the economy stagnant. There will be less and less investment. If you ask the ordinary people who are in industry and commerce whether they can now invest in anything new they say they cannot. They say the rates of interest have shot up much too high and they cannot service them. So, they are postponing any investment in development. Borrowing has now become very little and that means that liberalization which was supposed to lead to growth in the economy cannot do so. It is only inflation that grows and that is our tragedy in this country. We are explaining one aspect of the economy on one hand and then a related and totally integrated aspect of the economy is treated differently. We want the Minister for Finance to advise the Government that borrowing from Central Government should now be stopped so that we can go back to lower rates of interest and actually begin to have investment.

This heavy borrowing is unnecessary except with the Government which is wishing to buy aeroplanes, seeking to build new airports and to have huge projects which were not even in the Estimates. Since these projects were not in the Estimates money has to be raised through this borrowing. So, I am complaining that we ordinary people in Kenya are being treated with disrespect by the Government and the Minister for Commerce and Industry who tells foreign investors to invest in Kenya. The President goes to Germany and everywhere else in the world to tell investors, "Kenya is very good. You can invest in it. We have given you freedom and so on," but what is the rate of interest? It is unbearable and therefore you are saying on one hand makes nonsense to any hard-headed businessman who analyses the state of our economy and, therefore, does not come to invest in Kenya. That is the

problem and we cannot solve it if we do no control Government borrowing. In fact, all over the world, any Government which has been able to encourage economic growth has always controlled its own borrowing. If you look at the other aspect, if the Central Bank borrows so heavily from the economy, it means that it is taking away monies which should be borrowed by ordinary people and, therefore, there is less money to be borrowed by the citizens, companies and so on. That is a very straight-forward thing. There is nothing complicated about it and yet we are expecting people to invest. They will not be able to invest. So, that has to be controlled. What I am arguing is that if we had a Central Bank which had its own independence, it would be able to stand up and say, "We should lend the Government only limited quantities". That is one essential principle if we are to control inflation. In any case, in the law which governs Central Bank, there is a limitation on how much the Government should borrow.

There is a limitation that it should not borrow more than 25 per cent of its Estimates that are laid on this Table before the Budget. But what percentage are we now borrowing? I do not know, but it must be near 40 per cent. Therefore, the Government is already doing something totally illegal. That is the same Government which is claiming that it wants to have a system which has organized rules and principles on which to base what it does. We cannot go on doing illegal things and, therefore, I am pleading that the Government controls its borrowing because, without that, the rest of what we are telling the world is not true and we are not being honest. Without being honest, we shall be discovered for what we are because, as I said, investors are intelligent. They have consultants and even people who analyze the structure of our economy and our actions. They also have people who show that what we are doing is inconsistent and, in fact, in contradiction with what we say we want to do. We must do what we say we want to do, and not do exactly the opposite. It seems now that when the Government says it will go this side, it actually heads the other side. They are telling the world that they will go this side, but when you check their actions, you can see that they are doing quite the opposite. Even the Member for Bunyala knows it because he takes time to do his homework, unless he has stopped now. He knows that what I am saying is the truth, but he may not be able to say it, being a Back-bencher on that side.

Finally, Mr. Speaker, Sir, let me say this: The Central Bank of Kenya (CBK) which has now built itself huge branches in Eldoret, Mombasa, Nairobi, Kisumu and everywhere, has become a capital developer. It is developing office blocks. When we are told that foreign exchange controls have been removed, the CBK will need less staff. It will have fewer people working for it. They cannot need the same number of staff which they used to have when they had exchange controls, an exercise which was administratively very heavy and took a lot of people. So, now that this has been abolished and we are building huge blocks of offices all over, what is happening? The CBK will now own offices and, in fact, they are building them at a cost which is beyond all known costs in this town.

An hon. Member: Prestige!

Mr. Kibaki: It is not only prestige. Cost is what I am interested in. Prestige is, quite often, costless. It is only arrogance, and a fellow may do it, if he wants to, with his own money. The CBK uses money which, really, it should not use because that money should be ploughed back into the economy, and it should go into dividends. However, recently, we had a situation where in one year, the CBK did make a terrible loss. This is something which had never been heard of since the beginning of CBK. Now, with all these office blocks which they are building, I do not know where they are going to find people to rent those offices to at economic rents; rents which can make the project be paying. Alternatively, they are going to be the same as the NSSF headquarters on the hill there which is being leased to the Government at sub-standard rents, lower than what is being paid by other people in town. Therefore, it has computed that it is going to take itself endless time to recover the money which was put into it and which was three or four times the original cost estimate. These things are terrible because, this is what is being done with public money. However, we have some people who just think this is a joke. Public money should not be misused in that manner because, we are in this Parliament to speak openly and freely and protect the taxpayers money. Without doing that, we are not effectively representing them. We must represent the people of this Republic of Kenya. So, whenever the CBK completes that other new office, it should now sell it because they will not need it. They already have more space than they need without the exchange controls and all those other departments. What they have now is more than adequate. So, they should sell off the other one, recover money which can be used in development elsewhere, but they should not sell it to NSSF which is being raped totally by the Government.

(Dr. Wameyo interjected)

Oh, but of course! The Member for Mumias is just enjoying heckling. He never makes a speech. He only enjoys heckling other people. He has never been known to make a proper speech of his own. He only

heckles.

Mr. Speaker, Sir, what we are talking about is the CBK controlling the money which it earns, which is public money and it should give it to the Treasury as a dividend so that it is used to try and improve a few things in Mumias or Marsabit, or other places.

An hon. Member: And Othaya!

Mr. Kibaki: Yes, even Othaya. We are in Kenya, if you thought we are not.

The other point I want to add is that, there are powers given to this CBK under Clause 6. It is alright for the CBK to have all these powers; to license those who will deal in foreign exchange and supervise them, do an audit from time to time, check their books and see that they are behaving properly. I have no objection to all those things. They are normal duties of a central bank. However, having given any person a license to do some business, you should let him do it. You check on him every two or three months, and do whatever else you want to do, but he should not live in doubt. When he applies for a licence, he should be given. If you are going to be denied the licence, then let them tell you that it has been denied you, and that will be the end of it. If you have got it, then you go on trading, and keep your books properly. But you should not be left in doubt. The CBK should not turn up the next day and tell you to close within a certain period of time. So, I do not know whether the Minister is going to look at this again and make sure that the procedure for cancelling the licence for whatever trade anybody may be doing is made slightly more in favour of the person who is licensed. In other words, if I am doing a particular trade, I should be given the chance to explain in details any questions raised and asked of me. In other words, there should not be arbitrary actions. We want action which will be seen to be within the law and everybody who will operate in this sector will feel safe and secure. I have no other points I want to raise on this issue, but let me stop there and say; we hope that in the new year, we shall have a government which will make up its mind to stop borrowing heavily from the CBK and, above all, not to borrow from the CBK beyond the limits set out by the Central Bank Act, as I described it.

Mr. Speaker, Sir, I beg to support.

The Assistant Minister for Commerce and Industry (Mr. Osogo): Thank you, Mr. Speaker, Sir, for allowing me to make a few comments on this Bill. My comments will be confined to purely seeking clarification from the Minister as to things in the Bill which I do not understand. But before I go to that I would like to comment a little on what hon. Kibaki has just said in connection with investors in this country. We are all craving for investors to invest in Kenya, but the hon. Kibaki seems to think that it is this Government that is frightening investors from coming here by leaving interests rates to be high. Hon. Kibaki knows just as I do that when investors come here they negotiate on certain terms with the country. He was a Minister for Commerce just as I was and he knows that we negotiate on, for example, tax holiday for any investor who comes to this country. We also negotiate on interest rate. So, the high interest rates that banks have at the moment would not frighten investors from outside: they can only frighten domestic investors. This is because investors from outside come with their money, which we need. So, the high interest rate part of it does not arise. The investors will bring their currency here to invest and if the banks interest rates are high then when they bank their money here they will enjoy the high interest rates.

When I was listening to hon. Kibaki he said that--

Mr. Michuki: On a point of order, Mr. Speaker, Sir. Is my friend hon. Osogo over there - actually he is my friend - in order to suggest that an investor who comes to Kenya will go to the Ministry, negotiate on whatever he will be bringing here and even bring monies for his own investment? Any company which is investing here raises bank overdrafts here! It invests on capital. Therefore, interest rate is very relevant.

Mr. Speaker: Order! You see, Mr. Michuki, you are unfortunate because he had spoken before Mr. Osogo. What he has said is a good argument.

Proceed, Mr. Osogo.

The Assistant Minister for Commerce and Industry (Mr. Osogo): Mr. Speaker, Sir, I have done practically what I am saying. I negotiated the investment of M/S Firestone Kenya Limited (FKL) in Kenya and what I have said is what happened when we were negotiating with Mr. Raymond Firestone himself. I also negotiated the Webuye Paper Factory investment. To take the investors into Webuye we had to give them five years tax holiday as part of our negotiation with them. So, what I was saying is very relevant.

What I was saying is that we are all responsible for attracting investors into this country. This Government is responsible for it and the Opposition hon. Members also are. What will frighten investors is to see a party that calls itself "a Government in waiting" doing what they are doing at the moment. Investors will ask themselves "Why should we go to Kenya while when Ford-Kenya will take over leadership, a Minister will fight a President and take over leadership from the President?". That type of thing will frighten any investor. Of course

investors know that an Opposition Party, which is a Government in waiting, has to be gauged from what its members are doing. This frightens investors more than a bank interest rate could do. It also amused me when hon. Kibaki said this Government says it is going to one side while it is going to the other side. I would only advise him to wait for the Government on both sides and catch it while on either of the two routes and then question it.

Mr. Speaker, Sir, coming to the Bill I would like the Minister to look at Clause 6, which introduces part VI(A) - Regulations of Foreign Exchange Dealings - to the existing Act. I am glad first of all that the Minister has seen it fit to cancel Clauses 33(H) and 33(I) from the Bill because I was going to comment on them. It is good that he is deleting them at the Committee Stage. But Clause 6 Part VI(A), section 33(A)(3) says:-

"Notwithstanding the provision of subsection (1), the bank may permit such person or class of persons as it may specify to transact foreign exchange business without a licence, subject to such conditions as it may impose".

This provision frightens me and I would like to have clarification on it. This is because the second paragraph of the Memorandum of Objects and Reasons on page 744 of the Bill says:-

"The Bill empowers the Central Bank of Kenya to license dealers in foreign exchange, namely authorised banks and foreign exchange bureaus". Those are defined as authorised dealers in the definition.

"The Bank may also permit specified persons, primarily hotels, to buy and sell foreign currency without licence".

This part of the Memorandum of Objects and Reasons is telling us the type of fellows who will be covered by this subclause (3) and these are hotels. What I am asking is, what is the difficulty in issuing a licence? If the Bank is going to permit somebody to operate without a licence, what is difficult in issuing a licence to such a person? I have in mind the fact that hotels that will operate this kind of business are not owned by any Kenyan, they are all foreign-owned. Here we are opening a flood gate for these hotels to operate foreign currency business without a licence and hence they are not covered by Clause 33(E). So, they will not keep books of accounts because they have no licence. And the definition says:-

"Authorised dealer means an authorised bank or an authorised bureau licensed under clause 33(B)".

So, these hotels are left out of this provision and yet are allowed to deal in foreign currency. I am only asking what is so difficult in issuing licences to these hotels so that they can be covered by Clause 33(E) and so be subject to inspection. I hope that when the Minister stands up to reply he will be able to satisfy me on that one.

As for Clause 33(B)(2) it says:-

"An application under this section shall be made in the prescribed form and shall be forwarded to the Bank together with the prescribed fee".

Many Acts on our statutes have got these prescribed forms which have been left out in the Central Bank of Kenya (Amendment) Bill as if they are not part of this Bill. Those forms should be in the schedules so that we pass them here and be satisfied with the way they will look. Maybe, the Minister will tell us why the prescribed forms are not being part of the Schedule of this Act.

Mr. Speaker, Sir, I get frightened when I think of this phrase "without licences." When I was in Santiago in 1972 where we had gone to attend an international conference called United Nations Conference on Trade and Development (UNTCTAD) in Chile, we found out that foreign currency was being exchanged or bought with the American dollar in any home or slum. But it was a conspiracy of the American Government who wanted to topple the Chilean Government. They had sent agents knowing that an international conference was to be held there and many people were coming with American dollars. They employed agents in every street corner. There were people without licences buying American dollars and giving the local Chilean money. We were wondering! One needed not to go to his hotel or bank but one would get any amount of Chilean money so long as he had a dollar. They were exchanging very cheaply in the slums. We thought that there was something wrong, but we were being told by those who knew that these were the tactics of the Americans to collect their dollars back to the United States and leave that country empty. What happened was that two weeks after we had left, the country fell; the President was toppled and there was no money. That happened in Chile. So, it frightens me when I also think that this Bill is allowing people to deal in foreign currency without licences.

Let me move on to Clause 33(F) on page 739. Clause 33(F)(i) says, "The Bank may at any time and from time to time---" I am asking the Minister for Finance to underscore the word "may". "It may cause an inspection to be made by any person authorised by it in writing of any authorised dealer and of its books, account and record." That is inspection, Mr. Speaker, Sir. Now, the phrase "the Bank may" means that if it so wishes it may not carry out inspection. I am wondering what was difficult with the Minister wording that particular phrase

as follows, "The Bank shall at least once in three months carry out an inspection" instead of "may at any time" and "from time to time." What was the difficulty in the Minister doing that? It compels the Bank to inspect those institutions. As it is now the Bank might lax and not carry out inspection particularly the hotels that are going to operate without licences. But if we compel the Bank to go and inspect these institutions, we shall be protecting our foreign currency.

My other comments come in Clause 33(G). In this Clause 33(G), I would like the Minister, also when he stands up, to consider this: Clause 33G(i) reads;

"If at any time or upon an inspection under Section 33(F), the Bank has reason to believe that the business of an authorised dealer is being conducted in a manner contrary to any of the requirements of this Part or any regulations made thereunder or manner detrimental to or not in the best interest of the public the Bank may-

What is wrong in putting there the words "the country" rather than "the public?" It should be in the interest of the country not the interest of the public. The country has the public in it, but the public might not have the interest of the country. So, I am asking the Minister why he cannot put the word "country," so that the country is secured. The public do not contain the country.

Mr. Speaker, Sir, my last comments relate to page 74 Clause 33(G)(iii) which says:

"An authorised dealer shall, on receipt of any direction under this section, comply with the direction within such period as may be specified in the direction, and if so required, produce evidence to the Bank that it has done so."

I am suggesting that the Minister should say "and shall produce evidence to the Bank that it has done so." What I am saying is that the authorised dealer receives directives from the Central Bank of Kenya and rather than giving evidence that he has carried out that directive, it is only left that he would do so if it is so required. I think it is mandatory that he does that because the Central Bank staff are so busy that they might even forget to follow up the matters. So, let it be mandatory that whoever have been given directive by Central Bank of Kenya will give evidence that he has carried out that directive as so required by the Bank. If we leave it as it is, I am afraid that we are opening ourselves to a lot of loopholes that we will cry later on when they are being implemented and bring amendments to this Parliament again.

On page 743, Clause 33(L)(iii) reads:-

"A person who fails to comply with the instruction or direction issued by the Bank under this section commits an offence and is liable to conviction to a fine not exceeding five hundred thousands shillings--"What language is that?

A fine of Kshs 100,000 would make sense unless that word means "five." I hope the Minister has seen it because I think it is a misprint. But lastly, Mr. Speaker, Sir, let me go to the Memorandum of Objects and Reasons, on page 744, the third paragraph. In that paragraph, the Minister says, or the Attorney-General - and this time I think he is the one -that this Bill will enable the Central Bank to monitor international payments. Such monitoring will achieve two purposes; Firstly, it ensures that international payments are not connected with illegal activities, such as money laundering or tax evasion. I will not read the whole Bill. I have not seen any provision for that particular statement. I have not seen where the whole Bill is going to stop anybody from involving himself in money laundering or tax evasion. Maybe, the Minister will tell me which section of that he is referring to, or whether it is the whole Bill. But the bill is good, timely and it is being supported practically by everybody. I am also supporting it, save the few points that I am not very clear about and that, in my layman's position. I would rather they are clarified to me, so that I am satisfied that we are passing a Bill that will not be challenged in the courts of law.

With these remarks, Mr. Speaker, Sir, I beg to support the Bill.

Mr. Mwaura: Mr. Speaker, Sir, thank you very much, for giving me this opportunity to contribute to this important Bill. Liberalisation and democratization, as we know them over the last few years, are synonymous. Since the move of liberalisation of our economic sector came, Kenya has made headway. And the repeal of exchange control becomes the climax of our liberalisation process. Like other speakers have said, it is important that the Ministry of Finance, the Central Bank and the Kenya Government ensure that the repeal that we are going to implement in this House, will not be used by some individuals, who have made a lot of money in this country, and these people are the minority, to recolonize or colonize most of the Kenyans.

The way I see it, is that, the repeal of this Bill, if it is going to have a far-reaching impact in our society, it should help to create employment. And the way I see it, is that, if you liberalise completely, as we have done, it is going to attract investors to this country. Investors will come into this country.

[Mr. Speaker left the Chair]

[Mr. Deputy Speaker took the Chair]

If you look at the question of semi-arid land and if we allow, for example, experts from countries like Israel, who are so good in terms of irrigation, to come here and give us new ideas, as we read recently what they are doing Kibwezi, that way we shall be able to open up our rural areas, we shall be able to create more employment for our people and we shall be able to help the common person in this country to benefit from this liberalisation. Earlier on, when the Vice-President was speaking here on the Bill, he said that there must be a process of monitoring how money is flowing in and going out.

Mr. Deputy Speaker, we know in some countries destabilisation has come about because it is being created by few individuals who have a lot of money. They have gone out and employed mercenaries because they have money to buy arms. They bring these mercenaries of private army. We should, therefore, ensure that the repeal does not **[Mr. Mwaura]**

allow people to buy as much or invest outside Kenya. We should ensure that these few unscrupulous people are not allowed to do that. But my concern, and I want to repeat this, for many years, when there was Exchange Control and when the small men or even middle African traders could not really buy things outside without getting a licence from the Ministry of Commerce and Industry, the process was such a big hinderance to our people.

Mr. Magwaga: On a point of order, Mr. Deputy Speaker, Sir. The House is suffering from lack of a Quorum.

QUORUM

Mr. Deputy Speaker: Order! I note that there is no Quorum. I direct that the Division Bell be rung.

(The Division Bell was rung)

Mr. Deputy Speaker: Order! Now there is Quorum, let us continue.

Mr. Mwaura: Mr. Deputy Speaker, I was at the point where I was saying that we know the problems that most of our people have been going through. I was referring to the time when you had to bribe the officials of the Ministry of Commerce and Industry and the Central Bank of Kenya before you could be given a licence to import things to this country. It is now going to enable our people so long as they are genuine in their dealing to be able to trade freely without restriction. So, I think, if this Act is properly used, it is bound to help this country and especially the majority of the African traders to be able to get into business in a better way.

Mr. Deputy Speaker, Sir, when the President talked to the Germany Chamber of Commerce today, he equally emphasised the fact that this country welcomes investors. This country has completely liberalised the exchange control. I would like to see a situation where investors who come to this country cultivate an element of partnership with the local people. In other words, investors should not be given a blank cheque to invest here totally 100 per cent without the local participation. Because, one of the most sad thing in this country is the question that, after 33 years most of our people do not have a stake in the economic control of this country.

The other area Mr. Deputy Speaker, Sir, that I think we should also be extremely careful with in liberalization of foreign exchange is that, with the opening of our economy, there is likelihood that Kenya could become a country where poor goods bought from countries where they make cheap quality goods are dumped. For example, in the area of medicine, investors who are going to bring money from outside should not be allowed to bring in medication or medicine that is not properly tested, to ensure it does not create problems to our people.

Mr. Deputy Speaker, Sir, the other area as I said earlier on that, for the first time now, since most Kenyan Africans can now participate in business, it is no use for the Government to open up the foreign exchange and allow people to go outside there with a lot of money, but when they come with some minimum goods not even worth KShs200,000 shillings, they are stranded at the airport because the customs officials tell them they cannot bring their goods here, unless they are verified or inspected. There are some goods, for example, if it is clothing that traders go and buy and bring in this country, and if they have been bought from other countries, we know which quality of goods is good. Like in UK and America, why should our traders be so frustrated; be told they cannot bring goods here unless they are inspected?

Mr. Deputy Speaker, Sir, as I said earlier on, let us really try to ensure that, this liberalization of exchange control is going to genuinely attract investors, particularly investors who are going to invest in our

agricultural sector. Because, the agricultural sector here is one of the major employment sectors of our own people, but yet over the years we have not initiated high quality - high tech farming methods and particularly in irrigation that would help to open up the rural areas.

Mr. Deputy Speaker, Sir, many people have supported this Bill and, therefore, I do not want to take a lot of time. With these few remarks, I wish to support.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. arap Saina): Mr. Deputy Speaker Sir, may I also join the earlier speakers who have proposed this Bill on liberalization of exchange control. I think this Bill is so important to this country that every Member in this House should support it. The process of liberalization has embraced every sector be it agriculture, tourism and other sectors of trade. I believe that there is much more to explain to our people about liberalization.

Mr. Deputy Speaker, Sir, I think, the whole essence of liberalization has not been explained to the people of this country because, when one puts the question of liberalization for instance on maize, or wheat or milk, the common man does not understand what liberalization is. A local chief even on a Baraza does not stand and explain to his people in his location what liberalization means. This is really a very awkward situation when liberalization is actually going to the nerves of the people of Kenya. We are now talking of money; the Central Bank of Kenya Bill. I feel that most leaders should attend a seminar to be taught what liberalization is all about.

I believe even some officers and administrators do not know or cannot explain to the people what liberalization is. All of a sudden, the common man saw the prices of maize and milk changing. For instance, last year, the price of maize was standing at a fixed price of Kshs920 or Kshs940 per bag. Now all of a sudden, because of liberalization the price has come down and yet there is nobody to explain to the farmers why the price of maize has come down. Have people stopped eating maize or has maize or has the population gone down? Where is the logic? In fact, the price should be going up instead of going down. Because of liberalization, the prices are being dictated by the forces of the market. These are the points which have to be explained to the people.

We might even go to the 1997 elections without explaining to the voters what liberalisation is, and the voters will be in a mess to the extent that they will say to the hon. Dr. Lwali-Oyondi "you have no vote, we will look for somebody who will tell us the meaning of liberalisation." In that case, there is no doubt that you will have to go home because you have not explained to your people what it is. I hope the Bill to repeal this Act will help this country because the resources in this country are enormous. Kenya has got a lot of resources in tourism.

I told those farmers who came for the Ploughing Contest that there is one special game animal in this country. In the world, it is only found in this country. Let me take some water so that I can explain properly.

An hon. Member: You are being irrelevant!

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. arap Saina): Mr. Deputy Speaker, Sir, I have got the liberty on the Floor and no other Member sitting, who has not been given the Floor has the right to challenge me. This little Game animal is called *Sitatunga*. I hope when this Act is repealed, those who have money can repatriate it here. I hope they can invest their money in developing this particular resource, the game animal called *Sitatunga* which is found in Saiwa at the source of Nzoia River. The hon. Moiben knows where that animal is. I have always looked--

Mr. Deputy Speaker: We are not discussing wildlife. We are discussing the Central Bank of Kenya Bill.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. arap Saina): When this Bill goes through, I hope those who have money abroad will be too happy to bring their money here and invest it here. Tourism is one sector of our economy which is so important. I am explaining to those who are ignorant and those who want to know where the potential of this country is. It is in tourism and *Sitatunga* forms one of the major game animals. We welcome the foreign investors.

In Germany, where His Excellency has gone to address a meeting, this meeting will highlight the potentials in the economy of Kenya. When this Act is repealed most of the potential investors will bring their money to Kenya. I can only urge the leaders of this country, especially through this august House, that we need a little more security. Of late, there has been insecurity in this country and more particularly in Nairobi which might scare the would-be investors. For example, one of the diplomats in the British High Commission was shot at and another one from the French Embassy was also attacked. I think we should tighten our security so that when we have this Act repealed and get it through the House, those potential investors will not only be happy to bring their money here, but they will also have confidence in the security system of the country.

This country is primarily agricultural and we need investors in the field of agriculture and more particularly in the sub-sector of horticulture. I happened to have been honoured to open the 1995, Horticultural Exhibition which was attended by international horticultural experts. I saw that most of the flori-culturalists and

the horticulturists are very keen on investing their money in this country. Kenya has got a very unique climate and ample supply of water and especially with the development of the new airport in Western Kenya, that is at Eldoret--- That part of the country has not been exploited at all. We have exploited the resources of land, soil and water around Nairobi, Mt. Kenya, Central Province and therefore we have almost reached a limit! But the areas around Lake Victoria which holds the largest volume of fresh water in the world, and the areas around Bungoma, Mt. Elgon, Uasin Gishu, Nandi, Kericho, Masaai, have not been exploited and these are the areas which are to be eyed in the future for horticulture and floriculture development. At that Exhibition, I spoke to quite a number of exhibitors and they---

Mr. Obwocha: On a point of order, Mr. Deputy Speaker, Sir. I have tried to follow what the Assistant Minister is contributing and I cannot see anything related to the Bill. Could the Chair guide the House on this issue?

Mr. Deputy Speaker: Hon. Saina, you need to be reminded of the Standing Order No.87 which states: "Mr. Speaker or the Chairman of Committees after having called to attention the conduct of a Member who persists

[**Mr. Deputy Speaker**]

in irrelevance or tedious repetition either of his own arguments or the arguments used by other Members in debate, may, after having first warned him direct him to discontinue his speech."

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. arap Saina): Mr. Deputy Speaker, Sir, I think my speech is a bit too technical for Mr. Obwocha, so, ---

Mr. Deputy Speaker: It is not technical for the Chair. So, be very careful.

The Assistant Minister for Agriculture, Livestock Development and Marketing (Mr. arap Saina): Mr. Deputy Speaker, Sir, since this Bill has been exhaustively debated on, I beg to support. I knew he wanted to speak. Thank you.

Mr. Obwocha: Thank you, Mr. Deputy Speaker, Sir. I would also like to take a very brief period to make a few comments on this Bill. On the onset, I wish to say that the Central Bank (Amendment) Bill, read along with the Exchange Control (Repeal) Bill contains some of the information the business community has been waiting for, for a very long time.

[Mr. Deputy Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, in supporting this Bill, I would like to congratulate the Governor of Central Bank for what he has done for the short period he has been the Governor. He is on record as having said that Kenya is the only country that has got millionaires who have never worked for their wealth. We totally agree with him. But in so congratulating the Governor of the Central Bank, we must impress upon him to carry his professional staff in the Central Bank with him. That is a Government Bank and it is the bank which basically controls the economy of this country. Without professional bankers carrying out those duties on behalf of this country, this country will not be on the right path. Therefore, we would request the Governor to very carefully without victimisation, get rid of the staff who have messed the economy of this country. We know the scandals that have happened in this country. Some of them have ended up as court cases. Those staff who were involved in these things should be systematically retired without victimisation so that we have a professional staff working for this country.

I wish now to come to Clause No. 4 where the Central Bank of Kenya deals with the principal objects. The principal object of the Bank shall be:

"(a) to regulate the issue of notes and coins."

I want to comment on that by saying that the Governor of Central Bank came up with a statement that they have printed new denominations of our currency. He justified the new currency by introducing reduced costs. But I think that the main factor of a currency is what we call confidence. If people lose confidence in a currency, then that currency ceases to be money. Currently, the new denominations, particularly the ten shillings coin, one shilling coin and the five shillings coin are totally unacceptable. I think if he wanted basically to change these ones, he should have either gotten rid of them or produced smaller ten shillings note. We have lost confidence in those currencies. Mr. Temporary Speaker, Sir, you do also appreciate that we use some of those coins to do certain various services in the country, for example, in telephone booths. They are no longer being used. I think

in so doing, he should have consulted or at least made consultations with the Government bodies that deal with some of these things. So, I sincerely believe that the Minister for Finance will liaise with the Governor of Central Bank, to see to that it that he brings back the confidence of Kenyans on particular issue of printing of new coins.

Mr. Temporary Deputy Speaker, Sir, those who have students abroad are fairly happy. We used to find it very, very difficulty to send money abroad because we used to encounter cumbersome regulations of getting forms and justifying expenditure and so many things, and sometimes they would not give you the money. Now that the old system has been liberalised, we are indeed fairly happy. This has also gone along way in reducing what is popularly known as TKK or WWW (wacha watoto wasome) because we believe that these forms in the Central Bank were being sold. If you did not part with something small, you would not get the forms, or they would not be approved for you to get your foreign exchange which you required. Therefore, we are fairly happy that these processes are taking place in Kenya.

Mr. Temporary Speaker, Sir, many people have congratulated the Minister for bringing this Bill here. I wish to draw your attention to Clause 33 K (b). We are trying to liberalise the whole system. If we are liberalising the whole system, giving people a free hand, why would you--

The Temporary Deputy Speaker (Mr. Ndoto): Which clause are you deliberating on?

Mr. Obwocha: Clause 33 K (b), which states:

"Any permission granted by the Bank under this part may be;

(a) either general or special; or,

(b) revoked by the Bank at any time."

If we are really giving a free hand to the Bank and to those who are authorised to deal with foreign exchange, why are you again removing that freedom by giving the Bank power to revoke the same authority again? This is some kind of intimidation because if you do not do this, they will do the alternative. You either liberalise fully or you do not. So, I would like the Minister in his reply to tell us specifically why he has made that provision.

I agree with Clause 33 H (i) where he says:

"The Bank may by notice in the gazette, determine the limits of any currency that may be imported or exported."

If you have given the dealers the freedom, why is the bank again trying to limit the amount of currency you can import into this country, or how much they can export? As we know, and it has been said in this House several times many Kenyans, either out of malice or out of fear have banked their monies outside the country. The amount of money that is banked outside the country was indeed in the World Bank report of 1986. If you are going to limit the amount of money that should come into the country or be exported, then how free are we in giving these people the liberty to bring this money back to the country, so that we can try to see how we can improve our economy? So, I hope the Minister will also clarify this issue.

Mr. Temporary Deputy Speaker, Sir, the only other point I would like to make is the one hon. Osogo made, but forgot something little about the inspection of the banks; Clause 33 (f). In this Act, we would expect the Minister for Finance to be very, very specific. Indeed, if commercial banks have been allowed, to deal with foreign currency, we would expect the Minister to be very specific in this Bill in as far as other authorised dealers like the bureaux are concerned. He should say in three or six months or one year that the books of these dealers will be inspected, so that proper books of account are kept and so that the bank knows what is happening. Otherwise, we are going to encourage banks and dealers dealing with foreign currency obtained by ways other than normal ways like, for example, those who are dealing with drugs; money that is not obtained legally. So, we would request the Minister to come up in the Bill with specific periods of time when he is going to inspect the dealers, banks and these other areas. Hon. Osogo did also mention that, indeed, if the CBK has authorised the hotel industry to deal in foreign currency, it should be included in those specific clauses.

Mr Temporary Deputy Speaker, Sir, I believe this is a good Bill. It will go a long way to improve the operations of the economy of this country, if only the Treasury can stop dictating what they want done in the CBK. They should, indeed, work closely together, so that we know the fiscal and monetary policies that the Government has said are being carried out.

Mr Temporary Deputy Speaker, Sir, I wholly support this Bill and its intentions.

With those few remarks, I beg to support.

Dr. Lwali-Oyondi: Thank you very much, Mr Temporary Deputy Speaker, Sir. Being the last person to speak on this Bill, I would like to say that most of the points have been raised and I do not want to go into repetitions. But I need to re-emphasise that Clause 33(h) is very contradictory. I wish the Minister concerned would withdraw it in the Committee Stage, particularly Clause (h)(1) which states the bank can limit the amount of money that may be brought into the country.

The Assistant Minister for Commerce and Industry (Mr. Osogo): On a point of order, Mr Temporary

Deputy Speaker, Sir. Is it in order for the hon. Member of Parliament for Nakuru Town to mislead the House? If he has read the Order Paper, the Minister is deleting the whole of that clause.

Dr. Lwali-Oyondi: Mr. Temporary Deputy Speaker, Sir, I am sorry. There are so many supplementary Order Papers. If he has done so, then, that is quite correct, and I support him and I thank him for that because when we liberalise, we do not control. There are people who have taken out up-to Kshs.82 billion, and if we are going to tell them to bring only Kshs.1,000.00, it will take them a life-time to try to bring the whole amount of money. I am sorry, I have not really gone through the amendments.

Mr. Temporary Deputy Speaker, Sir, coming to speculations in investments, the CBK should see to it that the interest rates are brought down because, at the moment, banks and financial institutions are not actually encouraging borrowing of money. Instead, they encourage people to invest money with them, so that they can take it to CBK to earn high interest rates that are there. Then, they come back and give the savers part of the interest rates, which are now going up-to 20 per cent in certain financial institutions. So, that sort of transaction is more speculative than actually productive investments.

I think this should be done by the Treasury, and especially taking care of budget deficits. The Minister for Finance promised that he would make sure that there would be no budget deficits, but indications are that budget deficits are in existence up-to now. Just this afternoon, a Minister said that the money that he has been allocated in the Estimates has not been recovered. That is a just a figure. If that is true, then it is very serious because we are debating things that do not exist. We are debating figures that are actually phantoms. It means that they were just for show purposes. The Minister concerned should have had his money and done whatever he should have done or whatever the money had been meant for. This sort of thing maybe arising because of *ad hoc* expenditure. For example, it is the same as the construction of the Eldoret Airport and the purchase of Presidential plane where so much money was used without the authority of Parliament. That means that somebody has been getting money from somewhere and, therefore, interfering with the Development Estimates and the development of the country as a whole. Therefore, this sort of this should be got rid off and let us get our priorities right. If we have no roads in towns, let them be constructed.

Rev. Ommani: On a point of order, Mr Temporary Deputy Speaker, Sir. Since many hon. Members have spoken on this Bill and in support of it, would I be in order to call upon the Mover to reply?

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

The Assistant Minister for Finance (Mr. Keah): Mr. Speaker, Sir, I want to take this opportunity to thank you for allowing me to thank hon. Members for their very valuable comments on this Bill. I recognise the fact that they have supported the Bill and with this support, I want to say one or two things only and that is on page 743 sub clause 3. There is a typographical error there where it says "On conviction of a fine Kshs100,000" As pointed out by the hon. Osogo that should read "Not exceeding Kshs500,000." Having made that correction, I intend indeed in the Committee Stage to introduce some amendments which I will explain more during that Committee Stage. I just want to assure the House that the comments that have been made here will be taken good care off. The Treasury, the Government and the Central Bank of Kenya will make sure that this country is well managed through this Bill.

With these few remarks, I beg to move the Bill.

(Question put and agreed)

(The Bill was read a Second Time and committed to a Committee of the Whole House today by leave of the House)

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

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

IN THE COMMITTEE

*[The Temporary Deputy Chairman
(Mr. Ndotto) took the Chair]*

THE CENTRAL BANK OF KENYA (AMENDMENT) BILL

(Clauses 2, 3, 4 and 5 agreed to)

Clause 6

The Assistant for Finance (Mr. Keah): Mr. Temporary Deputy Chairman, Sir, I beg to move that clause 6 be amended as follows:-

THAT, Clause 33 H be deleted;

THAT, sub clause (2) of clause 33 I be deleted;

THAT, clause 33 O be amended by removing the fullstop at the end of the clause and inserting the following:-

"and for the better carrying out of the objects of the Bank under the Act."

The reason why we are deleting these clauses is because having removed those controls under the Exchange Control, it looks rather unfair that we should bring the same controls under the Central Bank. So, I propose the whole lot of that be deleted. Also under clause 33 I sub-section 2 on page 743 for the same reasons, I am deleting the entire sub clause 2. The reason for this is really to empower the Minister and the Central Bank to make any regulatory aspects or measures that may be needed.

(Question of the amendment proposed)

*(Question, that the words to be left out be
left out, put and agreed to)*

*(Question, that the words to be inserted in place
thereof be inserted, put and agreed to)*

(Clause 6 as amended agreed to)

(Title agreed to)

(Clause 1 agreed to)

The Assistant Minister for Finance (Mr. Keah): Mr. Temporary Chairman, Sir, I beg to move that the Committee do report to the House its consideration of the Central Bank of Kenya (Amendment) Bill and its approval thereof with amendments.

(Question proposed)

(Question put and agreed to)

(The House resumed)

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

**REPORT, CONSIDERATION OF
REPORT AND THIRD READING**

THE CENTRAL BANK OF KENYA (AMENDMENT) BILL

Mr. Kariuki: Mr. Temporary Deputy Speaker, Sir, I beg to report that the Committee of the Whole

House has considered the Central Bank of Kenya (Amendment) Bill, and approved the same with amendments.

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

(Question proposed)

(Question put and agreed to)

The Assistant Minister for Finance (Mr. Keah): Mr. Temporary Deputy Speaker, Sir, I beg to move that the Central Bank of Kenya (Amendment) Bill be now read a Third Time.

The Assistant Minister for Commerce and Industry (Mr. Osogo) seconded

(Question proposed)

Dr. Lwali-Oyondi: Mr. Temporary Deputy Speaker, Sir, now that we have passed this Bill, I hope that it is not going to bring about more restrictions. There are a few open areas which have been pointed out and I do not need to go into that. I hope the Central Bank of Kenya will be as liberal as possible so that we can get as much money from overseas as possible that has been taken out of this country. Already, we are doing very well in that we have no shortage of foreign exchange. As far as I know, the Central Bank of Kenya has been crying to the other banks that they have refused to buy foreign exchange from them. It means they have more than enough.

These are benefits of liberating the economy but liberalisation has been misused not by the ordinary citizens of Kenya but by our own officers and Ministers who are taking the opportunity to damage the economy of this country in the interest of speculation and gathering a lot of money for political reasons. We hope that these Ministers will be patriotic enough and know that whatever amount of money they are gathering in this mad rush will never help them politically. Wananchi already know that all the money they have is stolen money and that is why this country is going down. Even the people living overseas already know that we misuse our own money and we go begging. We are like drunkards.

The Vice-President and Minister for Planning and National Development (Prof. Saitoti): On a point of order. Mr. Temporary Deputy Speaker. Are you satisfied that the hon. Member is seeking clarification on the Third Reading or he is continuing with the debate which was already terminated at the Second Reading?

Dr. Lwali-Oyondi: Mr. Temporary Deputy Speaker, Sir, I am perfectly right to comment on this Third Reading and I am perfectly right with my comments. I am sure the Vice-President is nervous about what I may say but--

The Temporary Deputy Speaker: (Mr. Ndotto): Do not open the debate but just make your comment.

Dr. Lwali-Oyondi: Now, Mr. Temporary Deputy Speaker, Sir, I hope that this Act will be made use of well and it will not put us in the predicament we already have with the University loans committee which is already really putting the whole education system into disorder.

An hon. Member: Maliza hotuba yako!

Dr. Lwali-Oyondi: You are a nominated Member and you are speaking for nobody. With those few remarks, I allow the nominated Member and who is speaking for nobody to speak.

(Question put and agreed to)

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

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Ndotto): Well Members, there is no other business before the House and, therefore, the House will rise early and accordingly the House is adjourned until 7th December at 2.30 p.m.

The House rose at 5.35 p.m.