

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 31st October, 1995

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

PAPERS LAID

The following Papers were laid on the Table:-

Annual Report and Accounts of Jomo Kenyatta University College of Agriculture and Technology for the year ended 30th June, 1990 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Higher Education Loans Fund for the year ended 30th June, 1982 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Higher Education Loans Fund for the year ended 30th June, 1983 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Higher Education Loans Fund for the year ended 30th June, 1984 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Higher Education Loans Fund for the year ended 30th June, 1985 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Higher Education Loans Fund for the year ended 30th June, 1986 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of University Students Accommodation Board (USAB) for the year ended 30th June, 1985 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of University Students Accommodation Board (USAB) for the year ended 30th June, 1986 and the Certificate thereon by the Auditor-General (Corporations)

Annual Report and Accounts of Kenya National Examinations Council for the year ended 30th June, 1994 and the Certificate thereon by the Auditor-General (Corporations)

*[(By the Assistant Minister for Education (Mr. Lengees)
on behalf of the Minister for Education)]*

NOTICE OF MOTION

EXPORT OF MANGROVE POLES

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

THAT, since the ban (for the last 20 years) of export of mangrove poles has resulted in deterioration of mangrove forest and since the ecology of mangrove forest requires regular harvest to stimulate regeneration, this House urges the Government to lift the ban on the export of mangrove poles.

ORAL ANSWERS TO QUESTIONS

Question No.803

BANDITRY MENACE IN GALOLE

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

(a) whether he is aware that Councillor Abdi Sole of Asako Location was seriously injured and two

- homeguards were shot dead and their guns stolen while pursuing bandits on 20th May, 1995;
- (b) who instructed these people to pursue the heavily armed bandits; and,
- (c) if the Ministry can ensure that the families of the deceased homeguards are compensated and that Councillor Sole's medical expenses are paid in full.

Mr. Speaker: Anybody from the Office of the President?

The Assistant Minister of State, Office of the President (Mr. Manga): Mr. Speaker, Sir, the answer is being prepared. The Minister is coming to give the answer.

Question No. 824

REVIVAL OF E.A. COMMUNITY

Mr. Mak'Onyango asked the Minister for Foreign Affairs and International Co-operation:-

- (a) what bottlenecks are delaying the revival of the East African Community as mapped out in the Arusha Accord of the 1st December, 1994, between the Heads of State of Kenya, Uganda and Tanzania; and,
- (b) to what extent is Kenya, as a country, to blame for the delay.

The Assistant Minister for Foreign Affairs and International Co-operation (Dr. Manduku): Mr. Speaker, Sir, I beg to request the House to allow us to answer this Question on Thursday, 2nd of November, 1995. Thank you.

Mr. Speaker: Mr. Mak'Onyango, are you objecting?

Mr. Mak'Onyango: Yes, Mr. Speaker, Sir, I will object very strongly because this Question was due here last week, and I was told that the Question be pushed to this week. How long are we going to be pushed before we get an answer?

Mr. Speaker: Finally, to Thursday; no more.

(Question deferred)

Question No. 630

DEATH OF MS. MUIRURI

Mr. Speaker: Mr. Robert Mungai not here? Next question, Mr. Owino Achola.

Question No. 699

THEFT OF HOSPITAL DRUGS

Mr. Achola asked the Minister for Health:-

- (a) whether he is aware that during 1994/95 fiscal year alone, drugs, medical supplies and various equipment amounting to over Kshs13 million were stolen from Migori District Hospital; and,
- (b) what action does he contemplate taking to bring the culprits to book and save wananchi from perpetual lack of drugs and diagnostic services.

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

(a) It is not true that during the year 1994/95 drugs, medical supplies and various equipment amounting to over Kshs13 million were stolen from Migori District Hospital.

But I am aware that during this period drugs worth Kshs22,000 were stolen from the drug store of the hospital. Investigations carried out led to the arrest of three hospital staff, who have been charged and the case is pending before Migori Senior Magistrate's Court.

I am also aware that electric calculators worth Kshs2,900 and a typewriter worth Kshs59,800 were stolen. The reports were made to the Migori Police Station but to date no arrests or recoveries have been made.

In April 1995, a new photocopier worth Kshs289,000 was stolen and investigations by police officers led to the arrest of four hospital staff and recovery of the photocopier. The officers have been charged and the Ministry interdicted them. The case is still pending before the court.

The watchman who was on duty has since been charged and the case is pending before Migori court. The total value of all these stolen items is Kshs455,190.

(b) The measures the Ministry has taken to curb the thefts are:-

(1) The institution of strict control measures on delivery, storage and issuing of drugs, medical supplies and equipment.

(2) The hospital has now been fenced.

(3) The drug store has been burglar-proofed.

(4) The staff suspected of being involved in thefts have been reshuffled.

(5) The County Council staff who were staying in the hospital compound premises have been removed.

(6) The Administration Police Officers have been deployed to guard the hospital compound.

Mr. Speaker: Just before I allow Members to ask supplementary questions, Mr. Assistant Minister, you said in part (a) that there are some cases in court. Do you have the case numbers and who are the parties?

Mr. Criticos: Mr. Speaker, Sir, I do not have the relevant information regarding the parties concerned but, obviously, it is the Ministry of Health versus the culprits.

Mr. Achola: Mr. Speaker, Sir, I think the Assistant Minister has tried to hide some of the facts by understating the actual amount involved. He has only talked about Kshs450,000, but my records show that over Kshs13 million has been stolen. Could the Assistant Minister inform the House as to what exactly is going on? When will these people be charged and what is the case number of the people involved? The thefts in Migori hospital have been going on for a long time and nothing seems to be happening. Thieves are being recycled, as he puts it, and this is not good enough for our people.

Mr. Criticos: Mr. Speaker, Sir, first, I would like to ask the hon. Member to give me a copy of his records which indicate theft of equipment worth Kshs13 million. I really would like that information because we, in the Ministry, are not aware. Secondly, about the reshuffling of the people, we cannot discharge people from the service of the Ministry when they have not been caught red-handed and when there is no evidence against them by which they can be charged in court. So, if there is any doubt, we try and move them to other areas because they have not been proven guilty. Therefore, we cannot assume someone is guilty.

Mr. Aluoch: Mr. Speaker, Sir, in the answer given by the Assistant Minister, part (v) states that the County Council staff who are staying in the hospital compound premises have been removed. This is misleading the House. Only last Monday, we were attending a DDC meeting and we were discussing when the County Council staff will leave the hospital compound because, this is what is contributing to the thefts as well.

The Chairman of the County Council is still there, the Clerk to the Council and the rest of the Council staff are occupying the houses that the hospital staff should be using. They cannot even install an X-ray machine because the council staff are still in the compound. What are you going to do to remove them instead of telling us that they are not there? Stop misleading this House!

Mr. Criticos: Mr. Speaker, Sir, we are not aware that the County Council is using Ministry of Health houses. If the hon. Member can furnish us with the names of the people concerned, the Ministry will then take the appropriate action to evict them.

Mr. Nthenge: On a point of order, Mr. Speaker, Sir. Do you not agree with me that the hon. Member has told the Assistant Minister even the titles of the people occupying these houses? One is the Town Clerk, the other one is the Chairman of the County Council. What other information does he need?

Mr. Speaker: I agree with you!

Mr. Criticos: Mr. Speaker, Sir, I got two names; the Town Clerk and the Chairman of the County Council. I do not know whether these are the only ones or there are others. I was just asking about the others. You have my assurance that those people will be evicted immediately.

Mr. Achola: Thank you, Mr. Speaker, Sir. I think I would like the Assistant Minister to assure this House that something is going to be done to stop the theft of drugs from Migori Hospital. Even the local pharmacies around are selling, in broad daylight, drugs from Government Stores and nothing is being done about that. The police are not arresting anybody. What are you going to do, Mr. Assistant Minister?

Mr. Criticos: Mr. Speaker, Sir, I have said, on numerous occasions, that we would like support from the local community. They should also keep a watchful eye on these people. I have given you six measures that we have taken to stop the theft of drugs. However, the local community and the medical board which is there should also be actively involved in looking after our drugs because they belong to us in general.

Mr. Speaker: Next Question, Mr. Moiben.

Question No.801

COMMISSIONING OF HEALTH CENTRE

Mr. Moiben asked the Minister for Health:-

(a) when Saboti Health Centre will be operational and officially opened; and,

(b) when the Health Centre will be supplied with electricity.

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

(a) My Ministry intended to complete and operationalize Saboti Health Centre during the 1994/95 financial year. However, due to the inadequate funds and escalation of the costs over the period of 1991 - 93, the project could not be completed as planned and it is about 95 per cent complete. The project period expired and, hence, there is no provision in the current financial year for the remaining funds to be allocated. My Ministry is in the process of obtaining funds to fully complete and equip the health centre, after which it will be operational and officially opened.

(b) Within the present contract for the health centre, there is a provision for a generator which should be adequate to provide electricity for the services that will require electricity. Electricity will, therefore, be supplied to the health centre as soon as funds for the installation of generators are provided.

Mr. Moiben: Mr. Speaker, Sir, the Trans-Nzoia DDC approved that electricity be supplied to this hospital way back in 1991. Can the Assistant Minister confirm when this will be done? The hospital was 95 per cent completed way back in 1991.

Mr. Criticos: Mr. Speaker, Sir, like I said earlier, when the funds are allocated, this will be done. We cannot supply electricity without funds.

Mr. Speaker: Next Question, Mr. Nyagah!

Question No.605

LOANS FOR GACHOKA RESIDENTS

Mr. Nyagah asked the Minister for Commerce and Industry:-

(a) when he will consider extending trade loan facilities to the people of Gachoka Constituency to enable them start small businesses; and,

(b) how many traders from Gachoka were given such loans between 1988 and 1995.

The Assistant Minister for Commerce and Industry (Mr. Barmasai): Mr. Speaker, Sir, I beg to reply.

(a) Trade loan facilities have already been extended to the people of Gachoka Constituency.

(b) Over 200 traders have received such loans between 1988 and 1995.

Mr. Nyagah: Mr. Speaker, Sir, by the year 2000, there will be 33 million people in Kenya. To alleviate rural-urban migration, we need to look after that group that lives in the rural areas so that they do not feel the need to move into the urban areas. How much of that money was given to the 200 people between 1988 and 1995, given the fact that the Government provision for this, in any given year, is not more than K£250,000? If you were to divide that per province, each province is entitled to less than K£62,500?

Mr. Barmasai: Mr. Speaker, Sir, it really depends on what the hon. Member refers to when he talks of small businesses. If it includes small industries, then what they have been given is Kshs24 million.

Mr. Maore: Mr. Speaker, Sir, can the Assistant Minister confirm or deny that nearly all of the 200 members he has talked about are those people who received the Kenya Rural Enterprise legal peanuts ranging between Kshs5,000 and Kshs10,000, just prior to the 1992 election campaigns?

Mr. Barmasai: Mr. Speaker, Sir, the 200 people I am referring to are those ones who got the loan from the Joint Loans Board and the Kenya Industrial Estates (KIE) and Industrial and Commercial Development Corporation (ICDC) for small industries.

Mr. Nyagah: Mr. Speaker, Sir, this is of great concern to Kenyans. We need to empower the small businessmen at home. That is what the economy is dependent on.

Can the Assistant Minister break up what was given in form of loans by the KIE, and what was given in form of trade loans by the Joint Loans Board between 1988 and 1993 so that we can see the difference between the two?

Mr. Barmasai: Mr. Speaker, Sir, the Joint Loans Board gave Kshs737,000 for the whole of that period. The KIE gave Kshs12,154,100.

Mr. Mwaura: Mr. Speaker, Sir, the Assistant Minister mentioned Kshs 24 million as money given out in form of a loan. Was this money given to Gachoka Constituency, Embu, or to the whole country?

Mr. Barmasai: Mr. Speaker, Sir, the Question concerned Gachoka Constituency and, therefore, those figures are for Gachoka Constituency.

Mr. Nyagah: Mr. Speaker, Sir, the Assistant Minister said that Kshs 24 million was extended to Gachoka. I have then asked him to give me a breakdown of this figure and he was very good to give me the breakdown as follows:- Kshs 737,000 in form of trade loans and Kshs 12 million. So is the Assistant Minister in order to mislead Kenyans that Kshs 24 million was given whereas in seven years, they only gave Kshs 12 million and Kshs 700,000?

Mr. Barmasai: Mr. Speaker, Sir, I was answering his supplementary question exactly as he asked it. He asked for the breakdown of the money for Kenya Industrial Estates (KIE) and Joint Loans Board. The balance is from ICDC.

Question No. 336

TOURISM OFFICES IN NYAMIRA

Mr. Obwocha asked the Minister for Tourism and Industry that in view of the increasing tourist attraction sites in Nyamira and the increasing fish farming, whether he could open offices in Nyamira Town.

Mr. Speaker: Anybody from the Ministry of Tourism and Wildlife? We will come back to the Question later.

Next Question, Mr. Mutahi.

Question No. 514

ISSUANCE OF SHARE CERTIFICATES

Mr. Speaker: Is Mr. Muhika not here? We will come back to the Question later.

Question No. 318

REPAIRS OF AHERO-KISII ROAD

Mr. Speaker: Is Dr. Otieno-Kopiyo not here? We shall re-visit the Question later.

Question No. 602

TARMACKING OF BUYANGU-EKERO ROAD

Mr. Shikuku asked the Minister for Public Works and Housing whether he will confirm that the Buyangu-Ekero Road is only being murrammed instead of being tarmacked as recommended by the Kakamega District Development Committee.

The Assistant Minister for Public Works and Housing (Col. Kiluta): Mr. Speaker, Sir, I beg to reply.

Odo-Buyangu-Ekero Road was approved by the Kakamega District Development Committee (DDC) for tarmacking. Traffic census by the Ministry along this road indicate that the road does not meet the maximum requirement for tarmacking. Under the circumstances, therefore, it was decided that the road be murrammed. In fact, there is a contractor on site and the work is actually completed.

Mr. Shikuku: Mr. Speaker, Sir, arising from that funny reply from the Assistant Minister, with a bit of truth in it, is he aware that this was a top priority of the DDC, Kakamega, and it was recommended many years ago based on the traffic on this road? Since when did this traffic reduce and this Government had a second thoughts?

Col. Kiluta: Mr. Speaker, Sir, it is a pity that the hon. Member does not have the details with him. If he would be kind enough and accept correction, the traffic on that road averages 135 vehicles a day. As of today, the minimum requirement for any road to be tarmacked is 300 vehicles per day.

Dr. Lwali-Oyondi: Mr. Speaker, Sir, could the Assistant Minister deny or confirm that motorists are avoiding this road because it is in bad condition? If it had been tarmacked, everybody would be using it.

Col. Kiluta: I do not have to deny because I am not aware of that.

Mr. Karan: Mr. Speaker, Sir, can the Assistant Minister tell this House how Eldama-Ravine - Eldoret Road qualifies to be tarmacked when the road is being used by goats?

Col. Kiluta: Mr. Speaker, Sir, where I come from goats do not use roads.

Mr. Shikuku: Arising from that reply, is the Assistant Minister aware that I was a member of the DDC at that time and the DDC itself knew that there was enough traffic on that road and because of the bad state of the road, everybody avoided it? Now that in his reply he has said that the road will be completed by 30th September, 1995, is he aware that the road has not been completed? Which September is he talking about? This is October and the road is not completed. They are now murramming it. Is he in order to tell the house untruths? The road is not completed yet!

Col. Kiluta: Mr. Speaker, Sir, in my reply I said that the road is completed. If the hon. Member was in that DDC it is possible that he used undue influence to have the road passed when it did not qualify to be tarmacked.

Mr. Shikuku: On a point of order, Mr. Speaker, Sir. Do you accept that sort of innuendo from this Assistant Minister?

Mr. Speaker: No way, I will not accept it. Will you apologise? You are imputing improper motive.

Col. Kiluta: Mr. Speaker, Sir, I do apologise and ask the hon. Member to accept the answer given.

Mr. Speaker: For the second time, Mr. Kofa's Question.

Question No. 803

BANDITRY MENACE IN GALOLE

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

- (a) whether he is aware that Councillor Abdi Sole of Asako Location was seriously injured and two homeguards were shot dead and their guns stolen while pursuing bandits on 20th May, 1995;
- (b) who instructed these people to pursue the heavily armed bandits; and,
- (c) whether he can ensure that the families of the deceased homeguards are compensated and that Councillor Sole's medical expenses are paid in full.

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, I beg to apologise for not having answered the Question the first time. Now, I beg to give the following reply.

I am aware that on 2nd June, 1995 and not on the 20th May, 1995, Councillor Abdi Sole of Asako Location in company of other councillors, assistant chief Mohammed Farah Wachu and home guards were attacked by bandits at a manyatta in Ditole area during which two home guards were shot dead and the councillor Sole injured.

The assistant chief and the home guards were in normal security patrol of the area when they were attacked by the bandits and the question of compensation to the family of the deceased home guards and payment of medical expenses for councillor Abdi Sole is being studied in my office and appropriate action will be taken when this is over.

Mr. Kofa: Mr. Speaker, Sir, I have not received the written reply, but if I listened carefully to the reply to part "b" of my Question, the Assistant Minister said "the chief and the home guards were in normal security patrol of the area". That means that the Assistant Minister has accepted that they got into problems while they were on duty. This councillor is maimed and can no longer fend for this family. Can the Assistant Minister confirm therefore that this maimed councillor and the two home guards that were killed will be compensated and could he tell us when this is going to be?

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member will appreciate that this incident involves the assistant chief, a homeguard as well as a politician and so on; and we are trying to study the legality of compensating each one of them.

Dr. Wako: Mr. Speaker, Sir, I would like to thank the Assistant Minister for the answer given that they are going to consider the case but how long will his consideration take because this is a problem which is affecting the whole of Northern Kenya?

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member who is a friend of mine will appreciate that if he came to the Office of the President this issue can always be speeded up and especially if he presents the case of his constituents fast enough.

Mr. Farah: Arising from the answer given by the Assistant Minister earlier in which he said that home guards are issued with fire arms under the Firearms Act which is not true because there is no provision in the Firearms Act to create militia. Could the Assistant Minister tell this House why we cannot have a crack anti-banditry squad which is saved and that is in a position to track down this bandits on foot instead of putting the lives of innocent Kenyans who do not have proper training at risk whereby they are killed by bandits.

Mr. Sunkuli: I hope hon. Farah is not actually implying that where he comes from they do need home guards. I am sure he does and he must also appreciate that in the past we have told him in this House that we are prepared to consider that possibility that he has presented.

Mr. Farah: On a point of order, Mr. Speaker, Sir. That undertaking was given by the Assistant Minister when I first came into this House three years ago. Could he tell us how much longer he needs to be given for him to select very modest young men from the existing forces who are Somalis, Turkanas, Masais or Pokots; people who are used to doing that kind of thing and use them as a crack squad to combat these bandits? How much longer does he need to constitute that small squad everywhere in the districts of the former NFD including Tana River?

Mr. Sunkuli: At least, the hon. Member has been honest enough to admit that we have given him the undertaking.

Mr. Kofa: After the killings of these two home guards and maiming the Councillors, the bandits took their guns away. A week later, these guns were brought by elders, which means these elders knew who the bandits were. What action has the Assistant Minister taken to arrest these bandits?

Mr. Sunkuli: We have not gotten the bandits yet. It is true the guns were recovered.

Mr. Falana: On a point of order, Mr. Speaker, Sir. The Assistant Minister says that they have not apprehended the bandits yet, but the guns were recovered. Could he be transparent enough to tell this House how the guns were recovered without the bearers being there? If these bandits were not killed or captured, how did the elders get the guns?

Mr. Speaker: That is a supplementary question. Next Question, Mr. R.K. Mungai for the second time.

Mr. R.K. Mungai: Mr. Speaker, Sir, before I ask this Question, I beg to apologise to the House for not being here when the Question was first called.

Question No. 630

DEATH OF MS. MUIRURI

Mr. R.K. Mungai asked the Minister for Health:-

(a) under what circumstances did the late Ms. Anne Wairimu Mungai, aged 23 years, from Makuyu Location, Makuyu Constituency, die at the Thika District Hospital on Thursday 8th June, 1995 after being admitted under reference OBS/NO.4306; and,

(b) whether he could inform the House, the names, qualifications and relevant experience, respectively, of all the senior medical staff who attended the late Ms Anne Wairimu Muiruri of which I have not had a written reply.

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, I hope the reply is on the way. I beg to reply.

(a) The late Ms.---

Mr. Shikuku: On a point of order, Mr. Speaker, Sir. It is about the answer being "on the way". According to the Standing Orders, the replies to Questions are supposed to be here five minutes before the sitting. When the bell rings, they are supposed to be here already. Now he is saying the answer is "on the way". Which way? How long will it take to reach here?

Mr. Speaker: Order! Order! The Minister will reply to that, but to be honest with you, I do not even know how a question or an answer can be "on the way".

The Minister for Health (Mr. Angatia): Mr. Speaker, Sir, his pigeonhole is part of the way.

(a) I have quite a long answer because this involves the life of a person. The late Anne Wairimu Muiruri was admitted to Thika District Hospital Maternity Ward on 4th June, 1995 with obstructed labour. She had been in labour for a very long time at home and was only brought to the hospital after failing to deliver since the baby was too big and was lying in a breach position. She was prepared for caesarian section operation which was carried out a few hours later on the morning of 5th June, 1995. Post operatively, she developed bacterial infection due to prolonged obstructed labour at home. She was also diagnosed to have malaria. Despite antibiotics and anti-malaria treatment, her condition deteriorated and she died on the 8th June, 1995. However, the timely action by the medical staff saved the baby's life and we hope the baby is still alive.

(b) The name, qualifications and relevant experiences of the senior staff who attended the late Ms. Anne Wairimu Muiruri are here but the list is very long and I do not know whether I am supposed to read the whole of it. The team was led by a Consultant Dr. W. Mugo, a doctor of medicine for 11 years. Dr. Wachira, doctor of medicine for two years, Dr.---

Mr. Speaker: You could Table the list.

Mr. Angatia: Let me first use it to answer supplementary questions then I will Table it.

Mr. R.K. Mungai: I do not have part of the information which the Minister was sort of reading in this reply. However, the reply has arrived eventually, but the Minister said certain things which I did quite follow, but which are not in the reply. Be that as it may, could the Minister confirm or deny that Ms. Muiruri died due to professional negligence on the part of those carrying out the operation? From the reply, it appears that she did not have any abnormal disease or complication and that malaria and bacterial infections could have been contained. Did the patient not have foreign bodies left in the operational area? Could the Minister confirm or deny this?

Mr. Angatia: Mr. Speaker, Sir, I hope to deny that.

Mr. Shikuku: As I was trying to read the list of the doctors who attended the late Ms. Muiruri, I heard him saying "so-and-so medical" and so on. Was there any gynaecologist among those doctors?

Mr. Angatia: Mr. Speaker, Sir, there was a gynaecologist and also a midwife.

Mr. Farah: On a point of order, Mr. Speaker, Sir. The Minister is misleading the House. He says there was a gynaecologist and there is none in this list, it is all M.BP which are just the first general practitioners' degrees and there is no consultant on this. Was there a consultant gynaecologist?

Mr. Angatia: The lady needed midwives and there is a list of midwives and a surgeon. She did not need a gynaecologist.

Dr. Lwali-Oyondi: On a point of order, Mr. Speaker, Sir. Is the Minister in order to mislead the House by calling midwives obstetrician/gynaecologist?

Mr. Angatia: I would be out of order if I did that.

Mr. Speaker: Final question on that, Mr. Shikuku.

Mr. Shikuku: Arising from the previous reply where the Minister is trying to dodge or go round the

question, the question was, was any of those listed on that list a qualified gynaecologist? The answer after looking at the list is, there is none. Is he in order to mislead the House that there was a gynaecologist while there was none? If there was, what is his name?

Mr. Angatia: Mr. Speaker, Sir, the lady needed midwives and surgeons. There were three surgeons and four midwives.

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

Mr. Speaker: Order, I am sorry, hon. Farah. First of all, it is grossly out of order for you to imply that the Chair is wasting time. We are not also in the same breath going to turn this Chamber into a medical school.

Mr. Mungai: Mr. Speaker, Sir, can I ask the last supplementary question?

Mr. Speaker: Order! We do not operate that way; if you want to ask a question you stand up.
Next Question.

Question No.336

TOURISM OFFICES IN NYAMIRA

Mr. Obwocha asked the Minister for Tourism and Wildlife whether, in view of the increasing tourist sites in Nyamira and the increasing fish farming, the Ministry could open offices in Nyamira Town.

Mr. Speaker: Is there anybody from the Ministry of Tourism and Wildlife? Very well, I will now defer this Question to next week.

(Question deferred)

Question No.514

ISSUANCE OF SHARE CERTIFICATES

Mr. Mutahi asked the Minister for Co-operative Development:-

- (a) how many shares Wakulima and Gakindu Dairy Men's Co-operative Societies have in Kenya Co-operative Creameries Limited; and
- (b) when will they be issued with share certificates.

The Assistant Minister for Co-operative Development (Mr. Titi): Mr. Speaker, Sir, I would like to reply.

(a) Gakindu Dairy Men's Co-operative Society has a total of 13,964 shares for Shs.20 each and Wakulima Self-Help Group has a total of 18,439 shares of Kshs.28 each.

(b) Gakindu Dairy Men's Co-operative Society has been issued with a total of 11,316 ordinary shares, but there is a balance of 2,646 which are being processed. Wakulima Self-help Group share's certificates have not been issued by KCC yet.

Issuing of the outstanding shares certificate will be effective as soon as the processes is over.

Mutahi: Mr. Speaker, Sir, you will agree with me that KCC is about to be declared bankrupt because all the money has been consumed by the committee including the self-imposed chairman who is hon. Member of this House.

Wakulima Self-Help Group was started six years ago and the processing of the certificates is a matter of printing. So, can the Assistant Minister tell us why it has taken over six years before this certificate for Wakulima Self-help Group and Gakindu Dairy Men's Co-operative Society are processed and issued to the co-operators?

Mr. Titi: Mr. Speaker, Sir, I think the first remark is a mere rumour because I do not know whether the hon. Member has any evidence to prove that? As regards the second one, although he claims that it has taken six years, I am not aware of that because this is the information I have got now. So, what I know is that the certificates are being processed and they will be issued soon.

Mr. Mutahi: Mr. Speaker, Sir, my Question is very very clear, indeed. Wakulima Self-help Group was started six years ago and the co-operators have not been issued with certificates. Is it because there is no money although they have contributed money? Or is it that the money has been consumed? What is remaining is just the work of printing the certificate.

Can he tell us what is happening and when the certificates will be issued?

Mr. Titi: Mr. Speaker, Sir, I think the hon. Member will agree with me that is a different question, but what I am saying is that we have now the task force which is trying to speed up the work that was done by the director of KCC and soon they will be issued with certificates.

Mr. Kamuyu: Mr. Speaker, Sir, what is the Assistant Minister's comments on the general belief in Kenya by all Kenyans that KCC, like any other Government parastatal, is totally corrupt and that it cannot operate any more?

It should now close down and handover its responsibilities to another organisation.

Mr. Titi: Mr. Speaker, Sir, that is a mere different question, but if he wants an answer from the Ministry, then I can promise that he will get it.

Mr. Speaker: Next Question.

Question No.318

REPAIRS TO AHERO-KISII ROAD

Mr. Raila on behalf of **hon. Dr. Otieno-Kopiyo**, asked the Minister for Public Works and Housing:-

- (a) whether he is aware that Ahero-Kisii Road is in a pathetic condition, and,
- (b) what steps he is taking to have this road repaired.

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

(a) I am aware that Ahero-Kisii Road has developed potholes.

(b) A sub-section of this road has been repaired and recarpeted while the Ministry is planning to repair the remaining section before the end of December this year.

Mr. Raila: Mr. Speaker, Sir, this is a major national highway and until last year there was a toll station at Katitu Market where the Government was collecting money on daily basis. Since that time the petroleum levy is being collected. Can the Assistant Minister tell this House why this road has remained in such a poor state of repair since 1990 when money was being collected daily and where was that money going to?

Mr. Mwamzandi: Mr. Speaker, Sir, this road has not been abandoned the way the hon. Member is saying. The road is 87 kilometres long and out of this, 35 kilometres have been recarpeted completely. The road is right now being repaired by Isaiah Construction Company Limited.

Mr. Obwocha: Mr. Speaker, Sir, the repair of this road was started from the middle at Sondu towards Kisumu-Ahero and the section from Sondu to Kisii is in pathetic condition because there are so many potholes. Why did the company decide to start repair from Sondu towards Ahero instead of Ahero to Kisii or from Kisii to Ahero? Why did they start repair from the middle just to complete one section?

Mr. Mwamzandi: Mr. Speaker, Sir, wherever they started work that meant the same thing.

Mr. Anyona: Mr. Speaker, Sir, this Assistant Minister some time ago answered a similar Question on this road and his answer on that occasion was that the road was completed. Today, he has got a different story as far as we know the section that hon. Obwocha referred to was done and the company packed up and left. Now, he is telling us that the road is being repaired. We want him to come and see what is happening because he is not aware of what he is talking about. So, can you tell us once and for all, if you know the answer; if you do not know anything come and see for yourself because people are dying on that road?

Mr. Mwamzandi: Mr. Speaker, Sir, the Question I am replying to now is in respect of Ahero-Kisii Road.

Hon. Members: It is the same road!

Mr. Mwamzandi: If it is the same road as the hon. Members say, I have never been to that area, Mr. Speaker, Sir.

(Laughter)

I am saying that a contract has been given to Isaiah Company Limited, who are working on this road. They have already done 35 kilometres but they had stopped work because they had not been paid. Now that money is available, the work is going to be completed very soon.

Mr. Ojode: On a point of order, Mr. Speaker, Sir. The Assistant Minister is misleading the House because when I was coming from Ndhiwa, I used the same road when travelling back to Nairobi. The contractor is not on site. Could the Assistant Minister direct the contractor, wherever he is, to go back to the site and continue with the remaining work?

Mr. Mwamzandi: Mr. Speaker, Sir, the contractor is on site.

(Several Members rose up on points of order)

From May, the contractor was not on site because money was not available.

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

Mr. Speaker: What is burning you, Mr. Mulusya? The last one on this Question!

Mr. Mulusya: Mr. Speaker, Sir, with due respect to the hon. Assistant Minister---

Mr. Speaker: The point of order, not respect!

Mr. Mulusya: Mr. Speaker, Sir, yes, I am on a point of order. Is the hon. Assistant Minister in order to keep on arguing with hon. Members who come from that area and travel on that road every day? I passed through that road when we were going to the late Mr. Nyamweya's burial and there was no sign of a contractor on site.

Is he in order to keep on misleading this House? Can you take action on this Assistant Minister?

(Laughter)

Mr. Mwamzandi: Mr. Speaker, Sir, according to the information I have the contractor should be on site now. If the hon. Members have not seen the contractor, I assure them that he will be there soon.

Mr. Manoti: On a point of order, Mr. Speaker, Sir. Could the Assistant Minister tell us how much was

the contractor to be paid on that project and how much has been paid today?

An hon. Member: Good question!

Mr. Mwamzandi: Mr. Speaker, Sir, the contract work is to cost KShs.183,240,000-46-80. As I said earlier, there were problems in paying the contractor which already have been overcome.

An hon. Member: How much has been paid?

Mr. Mwamzandi: Mr. Speaker, Sir, I do not have the figures right now, as to how much he has been paid.

QUESTIONS BY PRIVATE NOTICE

DEATH OF MR. KIIGE

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

(a) What were the circumstances that led to the death of Mr. George Macharia Kiige, a Kenya Human Rights Commission Investigator, on 4th October 1995, in Githurai Estate, Nairobi?

(b) Have many suspects have been arrested in connection with the death so far?

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

(a) The late George Macharia Kiige was stabbed with a knife during a scuffle which occurred in Kimdom Bar in Githurai. The scuffle involved himself and watchmen who were guarding the said bar.

(b) Yes, the two suspects namely, Saulo Bwire Owanyo, watchman, and Peter Kamau Gitau, the bar manager have been arrested and are helping the police with investigations.

Mr. Mbeo: Mr. Speaker, Sir, the Assistant Minister is misleading this House. First of all, a life of a very important person is lost. Secondly, the Assistant Minister is telling this House that a scuffle involving the late Kiige and the watchman caused his death.

In reply to part (b), he says a watchman has been arrested, yet he answers by saying a scuffle between the late Kiige and the watchman ensued. Now, a watchman and the bar manager have been arrested, which is all misleading. I would like to inform the Assistant Minister exactly what happened in Githurai. On that day, in Kimdom Bar, which is owned by a KANU hawk---

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

Mr. Speaker: What is it, Mr. Sunkuli?

Mr. Sunkuli: Mr. Speaker, Sir, you might have been reading, but the hon. Member actually says that he wants to inform me. I am not willing to have the information; I would like him to ask the question.

(Laughter)

Mr. Mbeo: Mr. Speaker, Sir, I am informing the House what actually happened.

Mr. Speaker: Order! Order! He may not wish your information. Will you inform me?

(Laughter)

Mr. Mbeo: Mr. Speaker, Sir, what happened in Githurai on this day in a bar owned by a KANU hawk---

Mr. Speaker: Order! I do not wish to be informed in bad language. If you want to inform me, use decent language.

(Laughter)

Mr. Mbeo: Mr. Speaker, Sir, what happened on that day in Kimdom Bar, which is very traditionally known for lynching those who actually break things in the bar, is that the late Kiige broke a drinking glass inside the bar. By order from the owner of the bar the man was beaten by the watchman, taken and locked up in a store where he died. At the end of the day, I am being told by the Assistant Minister that a scuffle arose between him and the watchman. There was no scuffle between him and the watchman.

Mr. Speaker: Will you now put the question?

Mr. Mbeo: Mr. Speaker, Sir, why has the owner of the bar not been arrested?

Mr. Sunkuli: Mr. Speaker, Sir, in the first place, let us appreciate the fact that neither I nor the hon.

Member were in that bar and my information is that, on 13th October, 1995, at about 10.30 p.m. the deceased, Mr. George Macharia Kiige, entered Kimdom Bar, in Githurai Estate, where he met a couple eating meat. The meat was being sliced by a young boy and the deceased told the couple that according to the Kikuyu customs a young person is not allowed to slice meat for the older people. He offered to do it himself instead of the young boy and was, therefore, given the knife and he proceeded to slice the meat. While in the process, seven watchmen, who are employees of the same bar, approached him and demanded that he leaves the bar due to a notice given to him earlier by the management of the bar not to enter there due to his previous behaviour when drunk. He resisted and was forced out. While hiding the same knife that he was using to slice the meat with, a scuffle ensued involving the deceased and the watchmen.

Mr. Speaker, Sir, in the cause of the scuffle one of the watchmen snatched the knife from the deceased and stabbed him in the stomach and he died instantly. A report was made to the police and the persons I had already mentioned were arrested and they are being taken to court.

Mr. Maore: Mr. Speaker, Sir, given the circumstances of what happened members of the public wanted to set the premises on fire. Could the Assistant Minister explain to the House under what circumstances are the members of the General

Service Unit (GSU) patronising the club exclusively? It is not patronised by the members of the public who had decided to set it on fire!

Mr. Sunkuli: Mr. Speaker, Sir, I am not aware that members of the GSU patronise Kimdom Bar.

Mr. Murungi: Mr. Speaker, Sir, the murder of Mr. George Macharia Kiige has very great implications to the human rights movement in this country. At the time of his death, Mr. Kiige had just published a report through the Kenya Human Rights Commission, which was entitled "Licence to Kill - Police Shootings in Kenya". He had concluded that for most of the police shootings taking place in this country, there was not only excessive use of force but they were completely unwarranted; there was no threat or danger to the police or of escape of the suspect, the shootings were deliberate and in cold blood and, in fact, they amounted to murder. I would like to lay a copy of this report on the Table.

(Hon. Murungi laid a copy of the report on the Table)

Now, can the Assistant Minister assure this House that all that we are hearing about a scuffle between watchmen and other people at Kimdom Bar was not some covert action by the police so as to finish this man, who had published a damning report on police shootings in this country?

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member is trying to make a mountain out of an ant-hill. Mr. George Macharia Kiige was an ordinary Kenyan and there is absolutely no reason why the hon. Member should try and paint a bigger picture of him than he was.

RENEWAL OF MRS MAISARY PASSPORT

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

(a) Is the Minister aware that Mrs. Lutfiya Naser Maisary, holder of Kenya Passport No.BOO7564, R.NO.484953, whose passport expired while she was in the United Arab Emirates, is stranded in Dubai because the immigration office has not renewed the passport, although she has submitted all the required documents for renewal?

(b) What has delayed the renewal of her passport and when will it be renewed?

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

(a) Yes, I am aware that Mrs. Lutfiya Naser Maisary has not yet denounced her Yemen citizenship after attaining the age of 23 years to facilitate the processing of the renewal of her passport.

(b) The delay is caused by Mrs Maisary's refusal to denounce her Yemen citizenship and her case will be considered only after she has denounced her Yemen citizenship as required by the Kenya Constitution.

Prof. Mzee: Mr. Speaker, Sir, I am very sad after hearing that answer. This is because this Assistant Minister takes all Kenyans with Muslim names to be of Yemen extraction. Since the withdrawal of Messrs Balala's and Bajadi's passports every Muslim whose name is not as localised as mine is being subjected to this requirement. I would like to draw the attention of the Assistant Minister to the fact that this person was asked to prove her case. And I have a document here from the Embassy of the Republic of Yemen. It is dated 18.2.95 and was sent to the Kenyan Embassy. It had greetings from Yemen and it stated:-

"For your information, Mrs. Lutfiya does not carry any Yemen documents. The Embassy of the Republic of Yemen avails itself of this opportunity---"

Mr. Speaker: Order, Prof. Mzee! If you really are interested in getting as much information as possible out of this Assistant Minister, I would advise you not to spend too much time on your papers and speech because we do not have time for them. You can lay the papers on the Table.

Prof. Mzee: Mr. Speaker, Sir, I would like to inform the Assistant Minister that all the necessary documents have been forwarded to the Immigration Department. There is also a letter from the Kenyan Embassy in Abu Dabi saying that even this letter has been forwarded to Mr. Kwinga. Yet up to now, this lady, who is a worker, is stranded in Dubai. She cannot work and so cannot feed her children and yet she has a Kenyan passport! The Government is doing this to everybody! Can we be assured that this will not be done to Keyans? People of Yemen extraction came to this country 1000 years ago! Why make these people, whose only one parent was indigenous, suffer?

Mr. Speaker: Order now, Prof. Mzee!

*(Hon. Prof. Mzee laid the document
on the Table)*

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member has read only a small part of the document, which says:-

"For your information, Mrs. Lutfiya does not carry any Yemen document". If he had been good enough, he would have read a document which comes from the Yemen Government and which says that "Lutfiya Maisary is holder of passport No BOO7564, R. 484953 and her father is a Yemen". The Kenyan Constitution is absolutely clear on this point and I want to draw the attention of the hon. Member to its Section 97(1), which states:-

"Any person who upon the attainment of the age of 21 years is a citizen of Kenya and is also a citizen of some other country other than Kenyan shall, subject to subsection (7), cease to be a citizen of Kenya upon the specified date, unless he has renounced his citizenship of that other country".

And the renunciation of that other citizenship must be done on the prescribed form which is provided for under Cap 170 of the laws of Kenya. The prescribed form is found in the schedule to Cap 170. What Mrs. Lutfiya is purporting to do, first of all she is doing it through the Embassy of Yemen; she is not doing it herself. And it does not even amount to a renunciation of her Yemen citizenship. She wants to keep the citizenship of Kenya and at the same time, enjoy the citizenship of Yemen, which is not possible.

Prof. Mzee: On a point of order, Mr. Speaker, Sir. The document says very clearly that she is not a Yemen citizen. This is the point, that the document which the Assistant Minister already has says that Mrs. Lutfiya is not a Yemen citizen; and she has never held a Yemen passport. The only passport she is holding is a Kenyan one. So, he is misleading this House by saying that she has a Yemen passport while the document clearly shows that she does not.

Mr. Sunkuli: Mr. Speaker, Sir, one of the parents of Mrs Lutfiya's was a Kenyan while the other one was a Yemeni. They married under Islamic Law and they indicated that their country of domicile was going to be Yemen. So, she is technically a citizen of both countries. But our law says that if there is a situation where somebody is a citizen of both countries then she is not a citizen of Kenya.

(Mr. Farah rose up)

Mr. Speaker: Yes, Mr. Farah. Ask the final question.

Mr. Farah: Mr. Speaker, Sir, to begin with, can the Assistant Minister tell the House why, if she was a Yemeni, she was issued with a Kenyan passport in the first place?

Mr. Speaker: Order, Mr. Farah! Just to put you right, I do not think you should ask that. He has just said that, technically, she is a citizen of both Kenya and Yemen.

If, technically, she is a citizen of Kenya she is entitled to a Kenyan passport. So, can you ask a more relevant question?

Mr. Farah: Mr. Speaker, Sir, in view of the answer given by the Assistant Minister and the tradition of issuing passports for the last 10 years, which all of us here have observed, where a whole section of the Kenyan society is declared to be non-Kenyans after they have been Kenyans for a long time--- Take the case of Somalis, where any Muslim who does not have a name like Mzee, Matano or Ndzai is declared a non-Kenyan! man the

Assistant Minister tell the House why somebody who has been a Kenyan for 100 years and his grandparents are Kenyans is suddenly told to be of another nationality? Why is the nationality of such a person being debated on? Does the Assistant Minister want a situation like that of Rwanda here? I remember that once the late President Habyarimana said there was no room in Rwanda for Tutsi refugees, and that is what caused the holocaust in Rwanda!

Mr. Speaker: Order, Mr. Farah! You are not helping matters in any way, if you stand here to incite people to violence! Mr. Sunkuli, would you like to answer?

Mr. Sunkuli: Mr. Speaker, Sir, what we are protecting all the time are our passports in certain places, where the Kenyan passports are being used by people of dual citizenship. What I want to say is this: If these people value their Kenya citizenship, then they should denounce the other citizenship.

TRANSLOCATION OF ELEPHANTS

Mr. Mcharo: Mr. Speaker, Sir, I beg to ask the Minister for Tourism and Wildlife the following Question by Private Notice.

Since the people of Taita-Taveta District have for many years suffered a lot from destruction caused by the large number of elephants in the Tsavo National Park, could the Minister immediately order the Kenya Wildlife Service to stop the translocation of elephants from the Mwea National Reserve to the Tsavo National Park?

Mr. Speaker: Is there anybody from the Ministry of Tourism and Wildlife? They were not here even to answer the Ordinary Questions. The Question is deferred until tomorrow afternoon.

(Question deferred)

POINTS OF ORDER

SHAURI MOYO TENANTS VS. NAIROBI CITY COUNCIL

Mr. Nthenge: On a point of order, Mr. Speaker, Sir. I rise to query the following question: I requested the Ministry of Local Government on the 5th July, 1995 to make a statement on the behaviour of the Nairobi City Council towards the Shauri Moyo tenants. The Minister said that they have instructed the City Council to deal with the tenants directly, but the City Council has refused to obey the order of the Ministry issued in this House.

After a while, I wrote a letter to the City Council with copies to all the top officers including the Town Clerk, to the effect that the matter had been discussed here and I also gave them a copy of the HANSARD containing the answer, but they still have refused to obey the Ministry. What do we do in this case? Are we going to be belittled even by people who are very much, according to law, under the jurisdiction of this House?

Mr. Speaker: Is there any response from the Ministry of Local Government? Mr. Walji, do you want to respond now or later?

An. hon. Member: Mr. ole Ntimama is here!

Mr. Speaker: Oh, sorry, Mr. ole Ntimama is here. Order, Mr. Walji. I had not seen the Minister for Local Government, but now I do see him. Would you like to respond?

The Minister for Local Government (Mr. ole Ntimama): Mr. Speaker, Sir, I am afraid, I was not very attentive and I did not hear what the hon. Member was saying. I would be very grateful if he could repeat what he wanted to say and may be I will be able to respond.

Mr. Speaker: I think the best course, because of the time factor, is for you to be provided with an extract of the HANSARD, study it and then come back to report to the House.

The Minister for Local Government (Mr. ole Ntimama): Thank you very much, Mr. Speaker, Sir.

SECURITY OF THE MAYOR OF NAIROBI CITY

Mr. Ruhii: Thank you, Mr. Speaker, Sir. I rise on a point of order concerning security in the City of Nairobi. I think most of you, in this Chamber, are aware that on Saturday, 29th October, 1995, in the evening, there was an attempt on the life of the Mayor of this City in Umoja Estate in Embakasi.

Since the security of the Mayor is of paramount importance and especially in Nairobi being the capital city, I would wish to request the Minister in charge of Internal Security to issue a Ministerial Statement as soon as

possible, maybe this week. The Mayor now is confined to his parlour which he has now transformed into a residential house because of his security.

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, the hon. Member is asking for a Ministerial Statement because of one incident, namely, the attempted shooting at the Mayor of Nairobi.

I think the hon. Member wants a Ministerial statement on the security of the Mayor. This can be dealt with very easily if the hon. Member asked the question.

(Several hon. Members rose on points of order)

Mr. Speaker: Order! Order! I think hon. Ruhiu is in order. He is seeking a Ministerial Statement on the security of the Mayor and, generally, of other Kenyans. There is nothing wrong about that.

Hon. Members: Yes! Yes!

Mr. Speaker: So, when are you going to do that?

(Applause)

The Assistant Minister, Office of the President (Mr. Sunkuli): Mr Speaker, Sir, in obedience to your order, we will give the Ministerial Statement in due course.

STRIKE BY STANDARD BANK EMPLOYEES

Mr. Kamuyu: On a point of order, Mr. Speaker, Sir. I also rise on a point of order to seek a Ministerial Statement from the Minister for Labour and Manpower Development with regard to the current plight of 1,000 or so workers of the Standard Chartered Bank throughout the country. This morning, KBC announced during the 7.00 o'clock news bulletin that 790 workers of this bank had been summarily sacked. However, the *Nation* Newspaper in its front page here says "Breakthrough in Bank Strike Talks" and goes to detail that they have come to an agreement and that workers have today resumed work.

I was in the bank today, but these workers are not back. Many workers are suffering because their salaries have not been released to them. May I hasten to ask why nine months ago, 24 African Senior Managers of Standard Chartered Bank were quietly summarily dismissed? After their dismissal, 18 whites from South Africa, London and India came to replace them.

The Standard Bank has become arrogant and it is known to be anti-African and I think that it is about time that they made their position known. Do they want to trade in Kenya or do they want to close down altogether? We have to know their stand and can the Minister concerned, if possible, issue that statement today?

Thank you.

(Applause)

Mr. Speaker: Mr. Masinde, are you prepared for it today?

The Minister for Labour and Manpower Development (Mr. Masinde): Mr. Speaker, Sir, I think the hon. Member is behind time, the situation is completely normal and we have sorted out the problems that existed between the employer and employees. Everybody has gone back to work. If some workers have not reported, then probably they have not cared to report to their employers. We do not even have a dispute pending everything has been completely ironed out.

(Applause)

HARRASMENT OF MPs BY THE PROVINCIAL ADMINISTRATION

Mr. Shikuku: On a point of order, Mr. Speaker, Sir. I wish to draw your attention to the dignity of this House and the hon. Members of this House. This is the highest authority in the land and it has been honoured by the wananchi of this country by electing these hon. Members to this House. We would like that dignity to be maintained, both inside and outside this House.

During the debate on the Vote of Office of the President, we pointed out that hon. Members of Parliament are constantly being harassed by the police, APs, Chiefs, DOs, DCs and God-knows-what.

I would like to draw your attention to this plight of hon. Members and I would like you, being our spokesman, to make this position very clear. We are elected hon. Members of Parliament and it appears that civil servants have made it a habit of either throwing tear gas at us, disrupting our meetings, or grabbing the microphone from any hon. Member of Parliament. The most shameful one took place recently, when an hon. Member of this House, I do not want to talk about his status, in front of the public, had the microphone snatched from him by the DC.

We would like to know from those concerned, in the Office of the President, whether they could give us an assurance that from now on, that our dignity and the dignity of this House shall not be abused in front of our own electors. There is a possibility that one day, the wananchi, who elected us to come to this House reacting by lynching those humiliating their representatives in front of them. I want to have that assurance from the Office of the President that this nonsense will stop.

An. hon. Member: Once and for all!

(Applause)

Mr. Speaker: Mr. Manga, would you like to respond to that?

The Assistant Minister, Office of the President (Mr. Manga): Mr. Speaker, Sir, that is a very serious allegation. The Minister in charge of Internal Security will issue a statement this week.

Mr. Speaker: Very well. Mr. ole Ntimama, I saw you stand?

Hon. Members: Mr. Kalweo is here!

Mr. Speaker: Order! Order! I have given Mr. ole Ntimama another chance as he has told me he is ready. He is going to respond to Mr. Nthenge's point of order.

The Minister for Local Government (Mr. ole Ntimama): Mr. Speaker, Sir, on the 3rd of August, the Assistant Minister for Local Government gave a reply to hon. Nthenge assuring him that the question that he raised was very genuine and that he was going to ask the City Council of Nairobi to reverse the question of tenants paying rent to individuals and paying direct to Nairobi City Council. I know this very well and I understand that the City Council of Nairobi, a long time ago made some arrangement with some individuals to collect rents but they went out of their way and started charging exorbitant rents to the tenants. Because there was some binding arrangement between these tenants and Nairobi City Council, I think the hon. Member will bear with me and give us a little bit more time and I can assure him that we will reverse the situation.

Mr. Speaker: Next Order!

COMMITTEE OF THE WHOLE HOUSE

(Order for Committee read)

[Mr. Speaker left the Chair]

IN THE COMMITTEE

[Mr. Chairman took the Chair]

THE FINANCE BILL

(Clauses 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49 and 50 agreed to)

Clause 51

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-
THAT, Clause 51 be amended -

(a) by inserting the following new paragraph immediately after (dd) by deleting item 29 and inserting the following new items-

29. Kenya Police, Administration police and Kenya Prisons

Equipment, machinery and motor vehicles, including aircraft and vessels imported for the official use of the Kenya Police, Administration Police and Kenya Prisons".

(b) in item 35 of paragraph (c)-

(i) by deleting the heading thereof and inserting the following new heading-

"Permanent Secretaries, Provincial Commissioners and Judges"

(ii) in the fourth line, by inserting the words "or a Provincial Commissioner" immediately after the words "Permanent Secretary";

(iii) in the seventh line by inserting the word "or a Provincial Commissioner" immediately after the words "Permanent Secretary";

(Question of the amendment proposed)

Mr. Obwocha: Mr. Chairman, Sir, on Clause 51 item 35, this was a question of debate in this House and the Minister now comes and inserts "Provincial Commissioners". We did express our views here that Permanent Secretaries and Judges can be eligible for this facility. I do not know on what basis the Minister brings Provincial Commissioners because Provincial Commissioners have so much excess power, they have access to these facilities and official cars. Why do they need to buy these cars duty free? I mean, what is the justification?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, in the Government structure, the Provincial Commissioner has the same status as the Permanent Secretary. So, the issue is that we were trying to put them at a level playing field.

Dr Lwali-Oyondi: Mr. Chairman, these people have got official cars. We are given this facility but we are never given any official car. What is the use of running two Mercedeses; one, GK and the other private? What time will he drive the other car?

The Minister for Finance (Mr. Mudavadi) Mr. Chairman, I think by being able to provide the Provincial Commissioners and Permanent Secretaries these personal cars is to ensure that they shall not be using their official cars when they are not on duty.

Mr. Chairman: Look, we are not on a question and answer session.

Mr. Obwocha: Yes, I know, but on the question of time, Mr. Chairman, now the Members of Parliament have been given 5 years. Why does the Minister think it fit to give them four years, why can the Minister not harmonise the period when this facility is provided to both Permanent Secretaries and Members of Parliament?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, I think it is basically the same. After every four years; that means every fifth year is what we are looking at. So, I think the concerns of the hon. Member are taken into account. Every fourth year, they should be able to import which is the fifth year.

(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 51 as amended agreed to)

(Clauses 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68 and 69 agreed to)

Clause 70

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-

THAT, clause 70 be amended in paragraph 1 of the Sixth Schedule-

(i) by deleting the periods and the corresponding values shown in subparagraph (a) and inserting the following-

Twelve months Shs. 2,400,000

| | |
|--------------|----------------|
| Nine months | Shs. 2,000,000 |
| Six months | Shs. 1,500,000 |
| Three months | Shs. 800,000 |

(ii) by deleting the periods and the corresponding values shown in subparagraph (c) and inserting the following-

| | |
|---------------|----------------|
| Twelve months | Shs. 2,400,000 |
| Nine months | Shs. 2,000,000 |
| Six months | Shs. 1,500,000 |
| Three months | Shs. 800,000 |

(Question of the amendment proposed)

Mr. Obwocha: Mr. Chairman, Sir, the Minister has only proposed the new rates, but he has not told the House the reasons for increasing these rates, from what was published in the Finance Bill and what he is now proposing. What are the reasons behind the increase?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, what we are adjusting is simply the threshold, because the minimum threshold under the VAT Act has been Kshs.2 million per annum. So, we are enhancing this to Kshs.2.4 million. This would, therefore, remove several taxpayers who are paying the Kshs.2 million, away from VAT and the administrative cost that goes with it. So, we are increasing the threshold from Kshs.2 million to Kshs.2.4 million.

(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 70 as amended agreed to)

(Clause 71 agreed to)

Clause 72

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-

THAT, clause 72 be amended -

(a) in paragraph (a) -

(i) by inserting the following new subparagraph immediately after subparagraph (ii) -

(iiA) by deleting item 30 and inserting the following new item -

30. Kenya Police, Administration

Police and Kenya

Prisons

"Equipment, machinery and motor vehicles, including aircraft and vessels imported for the official use of the Kenya Police, Administration Police and Kenya Prisons".

(ii) in item 36 of subparagraph

(iii) -

(i) by deleting the heading thereof and inserting the following new heading -

"Permanent Secretaries, Provincial Commissioners and Judges"

(ii) in the fifth line by inserting the words "or a Provincial Commissioner" immediately after the words "Permanent Secretary";

(iii) in the eighth line, by inserting the words "or a Provincial Commissioner" immediately after the words "Permanent Secretary",

(b) in paragraph (b), by inserting the following new subparagraphs immediately after subparagraph (ii)

(iii) by

inserting the following new item immediately after item 25 -

26. Raw materials for Manufacture of Medicaments

Raw materials in which the Commissioner is satisfied are for the sole use in the manufacture of medicaments by manufacturers approved and listed in the Gazette by the Permanent Secretary to the Treasury in consultation with the Director of Veterinary Services."

Mr. Chairman, Sir, the basis is as in clause 51; that we are now trying to harmonise VAT element with

regards to Customs and Excise Act, for the Police, Administration Police and even the Permanent Secretaries. On the issue of the raw materials for the manufacture of medicaments, these are essential products where they usually benefit from exemption under the Expo programme for raw materials that are used in the production of medicines, whether they are for veterinary or for human beings. We would like this amendment to enable them import the raw materials free of VAT without losses resulting from VAT remission and this will assist them in cutting down on the cost of administering the tax.

(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 72 as amended agreed to)

(Clauses 73, 74 and 75 agreed to)

Clause 76

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-

That clause 76 be amended -

(a) in paragraph (b)(ii) -

(i) by deleting the words "qualified individual" appearing in the third line of paragraph (c) and inserting "another depositor";

(ii) by deleting the word "individual" appearing at the end of the paragraph (c) and inserting "depositor";

(b) in paragraph (d) by removing the full stop at the end of subsection (9A) and inserting the following- "except where such funds are transferred to a similar plan in an approved institution within twelve months of the withdrawal of the registration with the prior written approval of the Commissioner in which case such funds shall not be included in the depositor's income."

Mr. Chairman, Sir, this is a merely corrective insertions that we are making because as it appears in the Finance Bill initially, when we talk of qualified individuals, we in fact, mean depositors, and this is what we are trying to bring out clearly in dealing with this particular amendments.

As regards the transferring of the resources or deposits from one institution to another, we are trying to ensure that when this is done, it is done in such a way that there will be no element of tax evasion when the Commissioner of Income Tax is assessing such deposits under the saving scheme that we did not introduce in the Finance Bill to encourage home savers, or home ownership through increased savings.

(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 76 as amended agreed to)

Clause 77

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-

THAT, clause 77 be amended by deleting the words "after the word "section" the figure "12A" and inserting "before the figure "35" the figure "12A".

Mr. Chairman, Sir, this is purely a question of correcting some of the typographical errors which occurred.

(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 77 as amended agreed to)

(Clauses 78 and 79 agreed to)

Clause 80

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:-

THAT, clause 80 be amended in paragraph (1)(b) by deleting in the third line the word "deduct" and inserting the words "charge and collect".

Mr. Chairman, Sir, this relates to the Presumptive Income Tax at the rate of one per cent and what we are trying to do, because it was somewhat vague in the Finance Bill. This measure ensures that Presumptive Income Tax can not be avoided by farmers exporting directly, rather than first selling to an authorised agent who subsequently exports the produce. So, it is really a question of being emphatic to avoid any tax evasion.

(Question of the amendment proposed)

Mr. Maore: Mr. Chairman, thank you. Could the Minister explain a scenario of double taxation when you do find Income Tax either as a Corporation or VAT. Then, you end up paying one percent extra apart from that tax. It is kind of discouraging to the farmers, it is like a crime.

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, I do not think, there is an element of double taxation here, because I remember during the debate of the Finance Bill, the issue of the Presumptive Income Tax, the pros and cons of it were debated by several Members of Parliament here, and it was clear that the Presumptive Income Tax, is a tax in itself and it once and for all for that year in question. So, the element of double taxation does not arise.

(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 80 as amended agreed to)

Clause 81

Mr. Obwocha: Mr. Chairman, Clause 81, which says that, "where bank, which is a permanent establishment of a non-resident person who is outside Kenya, deposits assets or properties acquired from its operations in Kenya, the gains of profits accruing from such deposits, assets and other properties held outside Kenya, shall be deemed to be income accrued in or derived from Kenya." Why would this be necessary in a liberalised economy?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, this is an issue that relates to Income Tax, and what we are saying is that, if these fellows have made or if these banks have made some money in Kenya, and they invest that money outside, what we are saying is that they should be able to account for it, to show that this is an asset that has been acquired in Kenya, and we would like to draw some tax from them on the basis of that resource that has been obtained from this country. So, it has nothing to do with the question of liberalisation here, because it will not in any way interfere with the aspects that relate to the Exchange Control Law, but they relate purely for purposes of taxation.

(Clauses 81, 82, 83, 84 and 85 agreed to)

Clause 86

The Minister for Finance (Mr Mudavadi): Mr Chairman, I would like to propose that Clause 86 be amended in Section 39A -

- (a) by inserting immediately after the words "two years" in the ninth line, the word "from the date of first investment expenditure";
 - (b) in the tenth line, by deleting the word "income" and inserting the word "economic";
 - (c) in the proviso -
 - i) by inserting immediately after the word "investments expenditure" appearing at the end of paragraph (i), the words "arising from the investment only";
 - (ii) in paragraph (iii), by inserting immediately before the word "aid the word "official";
 - (iii) by inserting the following new paragraphs immediately after paragraph (iv) -
 - (v) the amount of import duty to be set off shall not be treated as a prepayment of that person's final tax liability;
 - (vi) the amount of the import duty to be set off shall be applied to reduce the person's final tax liability before taking into account any withholding, instalment or advance tax already paid in respect of that year of income;
 - (vii) any excess of the import duty to be set off shall be applied to reduce the person's final tax liability before taking into account any withholding, instalment or advance tax already paid in respect of that year of income;
 - (viii) the import duty to be set off shall not be refundable.
- by renumbering the existing provision of the section 39A as subsection (1) and inserting the following new subsections -
- (2) the cost of a project under subsection (1) shall include all expenditure on -
 - (a) capital assets (excluding land) that fall under Part I of the Second Schedule; and
 - (b) capital goods (excluding passenger cars) qualifying for wear and tear deductions under Part II of the Second Schedule.
 - (3) for the purpose of this section, the expression "official aid funded project" has the meaning assigned to it in Section 2 of the Customs and Excise Act.

Mr Chairman, there is an element of corruption here, but the basis of these amendments is in respect to the newly introduced section in last Finance Bill, where in the process of trying to attract new investments, we want to be able to have that investor offset the duty that he paid for capital goods against his income tax liability for large investments and this we are talking of an amount beyond US\$5 million. The basis here was to make sure that deduction or import gains can only be offset when there is actual investment and we make sure that we do not exempt duty before we actually see that there has been some investments. So, apart from that, the rest are purely corrective amendments that we are inserting. Thank you.

(Question of the amendment proposed)

Mr. Obwocha: Mr Chairman, on the amendments, the Minister says that the import duty would be offset against the final tax liability, and, then, on (viii) he says, it is not refundable. Does he not envisage a situation where the import duty would be in excess of the tax liability and, therefore, subject to refund? How is he going to handle that kind of situation?

The Minister for Finance (Mr Mudavadi): Mr Chairman, I did not quite get my hon. friend. Maybe, if he can repeat the question and make himself clear, please.

Mr. Obwocha: Mr Chairman, my question is, if tax liability is less than the import duty, then, there is a portion that can be refunded. How is the Minister going to handle that kind of position because he says here that the import duty to be set off shall not be refundable?

The Minister for Finance (Mr Mudavadi): Well, Mr Chairman, in the event that situation arises, then, it can be carried forward to offset against future income liability.

*(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 86 as amended agreed to)

(Clauses 87 and 88 agreed to)

Clause 89

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:

THAT clause 89 be amended in paragraph (b) (ii)-

(i) by deleting the word "deduction" appearing in the first line of item 7 and inserting the words "presumptive income tax";

(ii) by deleting the words "deduction for" in the first line of item 8.

Mr. Chairman, Sir, we are simply trying to harmonise clause 89 with clause 80 by making those changes.

(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 89 as amended agreed to)

Clause 90

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:

THAT clause 90 be amended in the Tenth Schedule by inserting the following authorised agent in relation to the produce "tea leaf"-

"African Highland produce Company"

(Question of the amendment proposed)

Mr. Obwocha: We have been told that the Kenya Grain Growers Co-operative Union, has been changed. How is the Minister going to handle this in the Act?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, once we receive official communication that there has been a change of name in accordance with the laws because what we have seen so far is purely the Press report, then I am sure, through the legal process, a change of name can be adjusted accordingly.

(Question, that the words to be inserted be inserted, put and agreed to)

(Clause 90 as amended agreed to)

(Clauses 91, 92, 93, 94, 95 and 96 agreed to)

(First Schedule agreed to)

SECOND SCHEDULE

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move:

THAT the Second Schedule to the Bill be amended -

(a) by inserting the following tariff numbers, descriptions and rates in their proper sequence:-

| <i>Tariff Non.</i> | <i>Tariff Description</i> | <i>Rate of Duty</i> |
|--------------------|--|---------------------|
| 1701.11.10 | Jaggery. | 15% |
| 2503.10.00 | Crude or unrefined sulphur of all kinds. | 10% |
| 2503.90.00 | Refined sulphur of all kinds. | 10% |
| 2805.19.00 | Other alkali metals. | 15% |
| 3307.90.20 | Perfumed petroleum jelly. | 40% |

| | | | |
|------------|---|---------|----------------------|
| 3307.90.30 | Perfumed paper and papers impregnated or coated with perfumes or cosmetics. | | 40% |
| 3307.90.40 | Wadding, felt and non-woven impregnated or covered with perfumes or cosmetics. | | 40% |
| 7213.31.10 | Wire rod of iron or non-alloy steel, of circular Cross-Section measuring 5.5 mm. or more but less than 14 mm containing by weight less than 0.25% of carbon. | | Shs.3.50 or |
| 7213.39.10 | Other wire rod of iron or non-alloy steel (excluding Per kg. circular wire rods) measuring 5.5 mm. or more but less than 14 mm containing by weight less than 0.25% of carbon. | | Shs.3.50 or 15% |
| 7213.41.10 | Wire rod of iron or non-alloy steel, of circular cross-section measuring 5.5 mm or more but less than 14 mm containing by weight 0.25% or more but less than 0.6% of carbon. | | Per Kg. Shs.3.50 15% |
| 7213.49.10 | Other wire rod of iron or non-alloy steel, (excluding circular wire rods) 5.5 mm. or more but less than 14 mm containing by weight 0.6% or more of carbon. | | Per Kg. Shs.3.50 15% |
| 7213.50.10 | Wire rod of iron or non-alloy steel, measuring 5.5 mm. or more but less than 14 mm containing by weight 0.6 or more of carbon. | Per Kg. | Shs.3.50 or 15% |
| 8511.10.10 | Sparking plugs, unassembled. | | Shs.5.00 each or 15% |
| 8702.10.11 | Vehicles (i.e. buses), with seating capacity of 25 passengers or less (diesel or semi-diesel), unassembled, for assembly into complete vehicles by a vehicle manufacturer. | | 10% |
| 8702.90.11 | Vehicles (i.e. buses) with seating capacity of 25 passengers or less, (other than diesel or semi diesel), unassembled, for assembly into complete vehicles by a vehicle manufacturer. | | 10% |

(b) by substituting for the rates of duty in respect of the following tariff numbers and descriptions, the new rates specified in relation thereto -

| | | | |
|------------|---|---------|------------------------------|
| 1201.00.00 | Soya beans, whether or not broken. | | 10% |
| 1202.10.00 | Groundnuts, not roasted or otherwise cooked in shell. | | 10% |
| 1202.20.00 | Groundnuts, not roasted or otherwise cooked shelled, whether or not broken. | | 10% |
| 1204.00.00 | Linseed, whether or not broken. | | 10% |
| 1206.00.00 | Sunflower seeds, whether or not broken. | | 10% |
| 1207.20.00 | Cotton seeds, whether or not broken. | | 10% |
| 1207.30.00 | Castor oil seeds, whether or not broken. | | 10% |
| 1207.40.00 | Sesamum seeds, whether or not broken. | | 10% |
| 1207.50.00 | Mustard seeds, whether or not broken. | | 10% |
| 1207.60.00 | Safflower seeds, whether or not broken. | | 10% |
| 1207.99.00 | Other oil and oleaginous fruits, whether or not broken. | | 10% |
| 2402.10.00 | Cigars, cheroots and cigarillos, containing tobacco. | Per Kg. | Shs.150.00 or 40% |
| 2402.20.10 | Cigarettes containing tobacco, not exceeding 72 mm in length, including filter tip. | Per Kg. | Shs.150.00 |
| 2402.20.90 | Other cigarettes containing tobacco. | Per Kg. | Shs.150.00 or 40% Shs.150.00 |

| | | |
|---|--------------------------|------------|
| 2402.90.10Cigars, cheroots and cigarillos containing tobacco substitutes. | Shs.150.00 | Per Kg. |
| | or 40% | |
| 2402.90.20Other cigarettes containing tobacco substitutes, not exceeding 72 mm in length including filter tip. | | Shs.150.00 |
| | or 40% | |
| 2402.90.90Other cigarettes containing tobacco substitutes. | Per Kg. | |
| | Shs.150.00 | |
| | or 40% | |
| 2403.10.00Smoking tobacco, whether or not containing tobacco substitutes in any proportion. | Per Kg. | |
| | Shs.150.00 | |
| | or 40% | |
| 2403.91.00"Homogenised" or "reconstituted" tobacco. | Per Kg. | |
| | Shs.150.00 | |
| | or 40% | |
| 2403.99.10Snuff. | Per Kg. | |
| | Shs.200.00 | |
| | or 40% | |
| 2403.99.20Tobacco extracts and essences. | 40% | |
| 2403.99.90Other manufactured tobacco and manufactured tobacco substitutes. | Per Kg. | |
| | Shs.150.00 | |
| | or 40% | |
| 2510.10.00Unground natural calcium phosphates, natural aluminium phosphates and phosphatic chalk. | 10% | |
| 2510.20.00Ground natural calcium phosphates, natural aluminium phosphates and phosphatic chalk. | 10% | |
| 3304.10.00Lip make-up preparations. | 40% | |
| 3304.20.00Eye make-up preparations. | 40% | |
| 3304.30.00Manicure or pedicure preparations. | 40% | |
| 3304.91.00Beauty and skin care powders, whether or not compressed. | 40% | |
| 3304.99.00Other beauty or make-up preparations and preparations for the care of the skin (other than medicaments). | 40% | |
| 3305.10.00Shampoos. | 40% | |
| 3305.20.00Preparations for permanent waving or straightening of hair. | 40% | |
| 3305.30.00Hair lacquers. | 40% | |
| 3305.90.00Other preparations for use on the hair. | 40% | |
| 3307.10.00Pre-shave, shaving or after-shave preparations. | 40% | |
| 3307.20.00Personal deodorants and anti-perspirants. | 40% | |
| 3307.30.00Perfumed salts and other bath preparations. | 40% | |
| 3307.49.00Other preparations for perfuming or deodorizing rooms, including odoriferous preparations used during religious rites. | 40% | |
| 3307.90.90Other depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included. | 40% | |
| 5501.10.00Synthetic filament tow of nylon or other polyamides. | 10% | |
| 5501.20.00Synthetic filament tow of polyesters. | 10% | |
| 5501.30.00Synthetic filament tow of acrylic or modacrylic. | 10% | |
| 5501.90.00Other synthetic filament tow. | 10% | |
| 5502.00.00Artificial filament tow. | 10% | |
| 7213.10.00Bars and rods, hot rolled, of iron or non-alloy steel containing indentations, ribs, grooves or other deformations produced during the rolling process. | Per Kg. Shs. 3.50 or 15% | |
| 7213.20.00Bars and rods, hot rolled, of iron or non-alloy | Per Kg. Shs. | |

steel of free-cutting steel.3.50 or 15%
 7213.31.90Other bars and rods of iron or non alloy steel,Per Kg. Shs.
 of circular cross-section, measuring less than 3.50 or 15%
 14 mm. in diameter containing by weight less
 than 0.25% of carbon.
 7213.39.90Other bars and rods of iron or non-alloy steelPer Kg. Shs.
 containing by weight less than 0.25% of carbon.3.50 or 15%
 7213.41.90Other bars and rods of iron or non-alloy steelPer Kg. Shs.
 of circular cross-section containing by weight3.50 or 15%
 0.25% or more but less than 0.6% of carbon.
 7213.49.90Other bars and rods of iron or non-ally steel Per Kg. Shs.
 containing by weight 0.25% or more but less than 3.50 or 15%
 0.6% of carbon.
 7213.50.90Other bars and rods, hot rolled, in irregularly Per Kg. Shs.
 would coils, of iron or non-alloy steel,3.50 or 15%
 containing by weight 0.6% or more of carbon.
 7317.00.20Nails (excluding roofing nails), of iron or steel.40%
 8712.00.10Unassembled bicycles and other cycles (includingEach Shs.
 delivery tricycles), not motorized.300.00 or 15%
 8712.00.90Assembled or partly assembled bicycles and other Each Shs.
 cycles (including delivery tricycles), not 300.00 or 15%
 motorized.
 9018.31.10Disposable plastic syringes.Free
 9603.50.00Other brushes constituting parts of machines, 15%
 appliances or vehicles.

Mr. Chairman, Sir, the various amendments are due to: (i) the insertion of items which were inadvertently remitted at the time of printing the Bill and also correcting typographical errors (ii) The amendments of various rates of duty arising from submissions by various organizations and firms which further rationalised the rate structure and in some cases provided additional protection to allow industries to adjust, liberalise trade and environment.

Thank you.

Dr. Lwali-Oyondi: I wish to draw the attention of the Minister to the first two items and I would consider the first one - Jaggary. In most cases, this is a by-product of sugar and it is likely to be thrown away in certain countries. It is possible that people will import it in large quantities because it is something that should have been discarded and in view of the fact that we produce a lot of jaggary and molasses in general during our production of sugar, could the Minister explain why he has only charged 15 per cent on something that could easily be dumped here?

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, over the years we have been rationalising the import duty rates on several products and in the last financial Bill, we made an adjustment and, therefore, jaggary is being brought down to 15 per cent in accordance with the various brackets. But however, I would like to point out that we have a lot of statistics on commodities that are imported and there has been no threat whatsoever on the issue of jaggary from imports. What is produced out there is even available sometimes for export and, therefore, we had no problem whatsoever with the importation of jaggary.

(Question of the amendment proposed)

*(Question, that 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)*

(Second Schedule as amended agreed to)

(Title agreed to)

(Clause 1 agreed to)

The Minister for Finance (Mr. Mudavadi): Mr. Chairman, Sir, I beg to move that the Committee do report to the House its consideration of the Finance Bill and its approval thereof with amendments.

(Question proposed)

(Question put and agreed to)

(The House Resumed)

[Mr. Speaker in the Chair]

REPORT AND THIRD READING

THE FINANCE BILL

Dr. Godana: Mr. Speaker, Sir, I beg to report that the Committee of the whole House has considered The Finance Bill and approved the same with amendments.

The Minister for Finance (Mr. Mudavadi): Mr. Speaker, Sir, I beg to move that the House doth agree with the Committee in the said Report.

The Minister for Labour and Manpower Development (Mr. Masinde) seconded.

(Question proposed)

(Question put and agreed)

The Minister for Finance (Mr. Mudavadi): Mr. Speaker, Sir, I beg to move that the Finance Bill, be now read a Third Time.

The Minister for Labour and Manpower Development (Mr. Masinde) seconded.

(Question proposed)

Dr. Lwali-Oyondi: Mr. Speaker, Sir, now that we have passed the Bill, we hope that the Minister will not keep on increasing the prices again. Secondly, we also hope that, there is too much exemption of tax on imports. We read this just about everyday and many people, very, very rich people, keep on, somehow, getting exempted from paying tax. I do not know how we shall get the badly needed money if these exemptions keep on going on. I have even read about oil companies or certain companies which have not paid tax and the exemption is rescheduled backwards up to 1985, 1986 or whatever it is. These are some of the surprising things and I hope that the Minister will see to it that, they are not unnecessarily applied, especially to wrong people and, in particular, importation of agricultural goods which are way in the economy of this country.

With those few remarks, I beg to support.

Mr. Shikuku: Bw. Spika, katika kusoma Mswada huu kwa mara ya tatu, ningependa kumkumbusha Waziri wa Fedha kwamba, VAT imeumiza watu wengi nchini humu, hasa, wale wadogo. Alipotoa makadirio yake, na aangalie baada ya mimi kutoa hii hotuba fupi, atagundua kwamba VAT hutozwa mara tano. Kuna VAT pale kwa kiwanda, kuna VAT kwa wauzaji bidhaa jumla, kuna VAT pale kwa muuzaji wa bidhaa reja reja, kuna VAT kwa mnunuzi na ushuru huu wote unawekwa ilhali yeye ametuambia tu ni VAT moja. Hata saa hii VAT imeongezwa na imefanya maisha kuwa magumu zaidi. Ijapokuwa ninataka tuwe na fedha za kutuwezsha kuendesha Serikali yetu, lakini, Waingereza wanasema kwamba ukitoza ushuru zaidi ya kiwango kinachotarajiwa, ukiweka kodi kwa watu sana, matokeo yake yatakuwa kinyume na matarajio yake. Na haya ndio ningependa kumjulisha Bw. Waziri aangalie sana habari ya VAT. Ametunyonya sana.

Na pia, Bw. Spika, hizi pesa zinazotoka, aziangalie sana. Ni ajabu tumesikia kwamba kuna Kshs14.7 milioni ambazo zimekwenda. Wizara ya fedha lazima iamke. Kuna kasoro katika Wizara hii. Kodi tunatoa lakini hatuoni matokeo yake, hatuvuni matunda yake, badala yake tunazidi kufanya Harambee zaidi hata ya kujenga ofisi ya chifu. Hata juzi, mheshimiwa Mbunge mmoja hapa aliambiwa afanye Harambee kufagia choo iliosakama kule Nakuru. Hii Serikali yetu tukufu inatuendesha vizuri kweli? Tunataka fedha zitumiwe vizuri na pia, bidhaa zinazoletwa nchini,

kama vile mahindi, sukari na bidhaa nyingine na huku hawalipi ushuhuru, pengine nitafanya uchunguzi nimletee, mheshimiwa, Bw. Waziri, nitauliza ni watu wangapi hajawatoza ushuru, na ni nani. Utashtuka sana kwa sababu pesa ambazo zimepotea kutokana na kutolipa ushuru zinatoshwa kusomesha watoto wote wa vyuo vikuu.

Kwa haya machache, ningependa kumuonya atunze pesa sana. Na pengine asipochunga fedha kule anakoenda kuomba wamechoka na sisi.

Mr. Obwocha: Mr. Speaker, I wish to only make three points. The first one, Mr. Speaker, is that, we would have expected the Minister for Finance to go in full gear when we pass the Bill for the Kenya Revenue Authority. Up to now, we have not seen any fruits of this because we thought that this is going to harmonise tax collection, it is going to encourage civil servants because their terms are going to be improved, but nothing has happened. Even the Chairman appointed is not even in the country. That is the first point I wish to request the Minister for Finance to look into very seriously.

Mr. Biwott: On a point of order, Mr. Speaker. Is the hon. Member for Bonchari, in order to mislead this House that, the Chairman of the Kenya Revenue Authority is not in the country?

Mr. Obwocha: Mr. Speaker, we do not wish to discuss the health of any person here, so hon. Biwott should know better.

Mr. Speaker: Order! Order! Mr. Obwocha, I suppose you do not keep a register of Kenyans who are in the country and those who are not; so can you leave that. Proceed.

Mr. Obwocha: Mr. Speaker, the only point I was making, and the Minister, I think, is listening very attentively, is that we want the Kenya Revenue Authority to work.

Mr. Speaker, Sir, if you appoint officers who are not working, then it is high time that, some recommendation or the President is advised to change those officers.

The second point, Mr. Speaker, that I wanted to make is that, instead of the Minister levying these custom duties, there is revenue that has not been collected from the Customs Department. In fact, from last year's figures, it is amounting to over Kshs5 billion. We would expect the Minister to speed up the collection of the tax arrears from the Customs Department.

The last one, Mr. Speaker, is that, the family relief and single relief which the Minister has given Kenyans in the Finance Bill, for family relief being Kshs6,552, and single relief being Kshs4,368, this is very little money. Kenyans are one of the most heavily taxed people in the world. We would expect that next year, the Minister would revise these figures, so that workers who are working very hard to make sure this country survives are assisted. Because PAYE is one of the most successful systems, because of collection at source, he does review these figures so that the burden of the workers can be lighter. With those remarks, I beg to support.

(Question put and agreed)

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

Second Reading

THE EXCHANGE CONTROL (REPEAL) BILL

The Minister for Finance (Mr. Mudavadi): Thank you, Mr. Speaker. I beg to move that the Exchange Control (Repeal) Bill be discussed and repealed.

The Bill is very explicit because it simply proposes that we now repeal the Exchange Control Act (Cap.113) of the laws of Kenya, as part of the very important and far reaching economic reforms that we have been pursuing as a nation for several years effectively since 1986 and which culminated in the removal of price controls, the freeing of the trade exchange regime, the privatisation process and the ideal of trying to make the financial system more dynamic in accordance to the global changing requirements and changing needs.

Over the years, there has been a lot of discussions as to the question of the confidence that we can put before, not only ourselves but also our investors both locally and abroad, that the changes that we have been undertaking at the Government are changes that are here to stay, changes that are here to build confidence and to enable people to plan with consistence in whatever projection they have been having. We have received questions time and again, that how sure are we, that if we do not implement the question of free exchange control, free the Act and all transactions that relate to the foreign exchange Act, this shall not be reversed. We want to make a very emphatic statement today, and I feel that this House will support us in that endeavour, that the changes we are pursuing, as the Government, towards making the economic environment better for business for everybody are here to stay and they are firm and they are here also being supported by the legislative body of this country and that is Parliament.

Mr. Speaker, in the Act, it will be clear that there are some clauses which in the past were the subject of a lot

of controversy, was the subject of saying that how do we know that when we have these people investing outside or the Kenyans who have their resources outside, how to get them back into the country. I would like to emphasise that it is now clear that whenever we use force in issues that relate to economic matters we will not get anywhere. If we try to twist people's arms, if you victimise them, if you try to throw them into jail in order to get them to repatriate their resources back into this country, we shall never achieve it because we will never, in any case, have a good record of who, when, how and where have they invested their resources. It is only through mechanisms such as the repeal of the Exchange Control Act, where we can assure those Kenyans and indeed even the foreigners that, if they bring their resources here, just as much as we are able to bring there resources here, they shall have the freedom when they think that they want to invest elsewhere to remove those resources without undue inhibition and undue restriction from the Government.

So, I do hope that the famous question or the famous rallying call that has always come up that those with resources outside must bring them. We bear in mind that it is the legislative aspect which will provide that kind of incentive, and this exchange control repeal, that we are proposing today to this House, is the beginning of ensuring that does happen.

At the same time, I would just point out that when we indeed do remove or repeal the Exchange Control Act, the Government through the Central Bank, and this will be coming subsequently in the moment we propose the Central Bank Act, we shall have a way of monitoring a mechanism of just monitoring that if there are any transactions, these are bona fide transactions, but they shall not in any way restrict the movement of capital or foreign hard cash in and out of this country. These are clauses that are not only exclusive to Kenya, these are clauses that are found in all regulations in all countries, whether it is Britain or United States there is an element of monitoring that is provided for in the laws and this is appendage to the Exchange Control Act and it does appear on the order paper. I would like to bring this up on the framework to be able to indicate that as we repeal the Act it does not mean that we want to see all the money from the drugs finding its way in Kenya, we are not saying that we want money that involves fiscal frauds in other countries shall find its way into our country.

We do know that the basis of any sound economic system is not the short-term capital, it is not money that comes in overnight, perhaps chasing our Treasury Bills, or perhaps chasing something else in this country and then when somebody thinks it expedient to do so, they move it out immediately. What we want to do by making these changes, is to ensure that we shall have long-term investors, we shall have long-term commitments on those people who want to put their resources here and we shall also have long-term commitments from our own Kenyans. They should now start believing in the

reforms that the Government has been undertaking, the question of doubting, the question of back-trucking, the question of reversals should now be very clear to everybody that that is out of the way. This indeed is the very proposal that the President has been making several times. In fact, he did accelerate the process of the repeal of the Exchange Control Act, in one of the public holiday speeches when he said that he has now made it clear that the Government shall be repealing this Act. So, it is in furtherance of that and also in furtherance of ensuring that we have sound economic policies and consistency in the measures we are taking, that we are bringing this Bill forward for repeal, and I do hope that the hon. Members will support it without any hesitation whatsoever.

With these remarks, Mr. Speaker, I beg to move.

The Vice-President and Minister for Planning and National Development (Prof. Saitoti): Mr. Speaker, I am very pleased to second this very important Bill, because it marks a major development within our own financial policy, and indeed I should perhaps say that this, in itself, is a climax of important development which the Government has carried out in that very important area of monetary policy.

The Minister is to be congratulated for presenting this Bill, at a most opportune period. I say this because the timing of when to introduce a repeal Bill for the foreign exchange is actually important. If it is introduced at a much earlier time it could easily lead to a situation where capital flight could actually come in and create major problem, as far as the economy of the country is concerned. At the same time, if such a repeal is brought in too late, then the whole situation does degenerate to a situation where the investors may very well run away.

I think it has to be appreciated that, indeed, the process which has now led to the situation we now face is one that has taken a long time and the Government has, at any given time, weighed every single step that it has taken to arrive at this very important situation. At the first stage, as it will be recalled, this road to the liberalisation of exchange control started by allowing quite a number of our own exporters to hold a certain amount of their own foreign earnings. Later on, it was broadened to include all exporters and, finally, 100 per cent. Later the Minister for Finance made it quite clear that, indeed, the foreign exchange was in itself liberalised. What we are now doing is to formalise a situation which is already in place, for it is fairly well known that, today, Kenya enjoys a liberalised economy.

Mr. Speaker, Sir, what are the evils and, for that matter, the virtues of having an Exchange Control Act? We tried to maintain that situation of exchange controls. What has been found, through experience, is that having a very tight exchange control which entails the fact that importers of various commodities, including capital goods,

machineries and spare parts which are important have first to get import licences was a very tedious process.

[Mr. Speaker left the Chair]

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

Because this was in the past, we can now look back upon it and say, if anything else, that did us harm. It, indeed, allowed some latitude for the misuse of that policy. It created a number of problems as far as the importers and the manufacturers of this country were concerned. The next thing that happened was that once an importer of essential goods was given an import licence, that same importer was still subjected to having to queue in the Central Bank for the allocation of foreign exchange. That also created some latitude for the misuse of that. It created delays and, because of all these delays, the importers themselves who, probably, had borrowed money were then being penalised by having to pay interest accruals for goods which had not already come. So, in essence, it meant that the goods which were manufactured in this country could no longer be competitive in the international market. So, when we remove all these bottlenecks, what we are doing here is to make it much easier for the manufacturers of goods here to be able to manufacture their goods at a much lower cost. When that happens, then our own goods will be more competitive internationally. So, we will be able to earn more foreign exchange.

However, there is even a more important evil which will be removed through the repeal of this Act. The exporters are the ones that are supposed to earn this country foreign exchange. We know that quite a number of them were involved in malpractices, although we may not have enough evidence to be able to pinpoint with certainty and, therefore, bring the culprits to book. Because they did not want to go through lengthy processes of applying for the import licences and having to queue in the Central Bank, a number of them only used to declare a portion of their foreign exchange. So, while we believed, in a perceptive manner, that the country was able to keep and guard foreign exchange properly, what, in essence, we were doing was denying ourselves a lot of money which used to be kept outside by the exporters because they needed that money to finance their own imports. What has happened since we have embarked on the road to the liberalisation of foreign exchange is the fact that a lot of our exporters, if not all of them, are now repatriating or remitting all their earnings to this country. That explains the reason why, in spite of the fact that, today, people can bring in their money and take it back since we have a liberalised situation, we now have a situation where this country has got no problems in terms of financing its own imports. If you are travelling, you can go to the bank and get up to US\$5,000 without question. Our own businessmen can have access to money in order to travel and, as a result, they are able to do more business for this country and find more markets for our products.

Mr. Temporary Deputy Speaker, Sir, I want to say that the steps that we are going to take after we pass this particular Bill are going to place us on the same level and line as other countries in the world whose economies are market oriented. It should be taken into account that we could not have a scenario where the economy is liberalised, the industry is liberalised as it is today and, at the same time, we again restrain our industrialists from trading in a free way and from having access to their foreign exchange, if and when they want. So, I want to commend this Bill to this honourable House in the sense that the repeal of this Bill, contrary to the general perception that we used to have, is, indeed, going to help this country earn much more foreign exchange. We are now talking of a situation where we are trying to attract as many foreign investors into this country as possible. If these foreign investors are going to come to this country, they want to be assured that once they have invested their money here, they will be able to procure their raw materials without any problem and to purchase whatever any equipment they want without any problem and, much more important, because it is an investment they make and their shareholders, at any given time, will want to receive dividends, that once profit has been made, dividends will be declared out of it and remittance done without any problem. That will be done. People will probably argue and say that a lot of our money is going out of the country. However, in actual fact, what happens in this scenario is that money leaves the country but a very substantial in-flow comes in, and at the very end of it, we end up having a very healthy economy. There will be more investors once this Bill is passed. We will be sending a very strong message to the investors abroad that, as a government and as Kenyans, we are serious that we want more investments to come into this country.

Mr. Temporary Deputy Speaker, Sir, let me finalise by saying this: We talk too much about the donors. Let us bear in mind that the period has changed fundamentally today. Indeed, let me say this to Members of the Opposition on the other side. Any time they hear that there is a donor's meeting, they jump around and say: Kenya should not get any donor money. Hon. Members, let me put it this way: The days when there were so much substantial external resources flowing to the developing countries are over. Since 1989 when Russia changed and the Eastern Europe blocks changed, substantial resources from the so-called "donor countries" are now being diverted to the Commonwealth of Independent States (CIS). Today, there is very little money from the bilateral donors. There is also very little investor resources. Even investor money has got to be competed for. What I am trying to state here is

that this country has got to compete for investment money or capital to replace the so-called "donor money".

Mr. Temporary Deputy Speaker, Sir, that is going to be the surest way in which we are going to be self-sufficient and that is the goal we are embarking on. We should not ask donors not give money to this country. Let us, for goodness sake, be more patriotic. Let us put our country first and forget cheap talk. We should love this country because if there are people who are poor in your own Constituency, if you are member of the Opposition, there is no difference between that poor person and the poor person in a KANU zone.

With these very few remarks, I would like to second this Bill and to commend it to the House and I hope that the hon. Member will very much congratulate the hon. Minister for Finance for bringing this very important Bill to this House.

(Question proposed)

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, I would like to support this Bill. This is the shortest Bill that I have ever seen since I came to this House in 1983.

This Bill was presented quite late. I do not know why the Minister for Finance did not prepare this Bill before they liberalized the foreign exchange. When he was moving the Bill said that he has just brought this Bill before this House as a formality. Bills should not be brought to this House as a formality. This House has power to reject or to approve Bills. In this case, the Minister should have been very sorry to have liberalized the foreign exchange and then prepare a Bill about a year later. I am supporting the Bill because this is one of the most important Bills.

When there was no liberalized foreign exchange there was a lot of corruption practised in the Ministry of Commerce and Industry and Treasury in the name of import licences. It was only Asians who were getting licences because they are good in corruption. They can corrupt. Indigenous Kenyans were not getting import licences to import goods but now everybody can import goods regardless whether one is poor or rich. There is no question of import licences. The only thing left now is for the Minister to educate the business community. He should let them know that they should not have to apply for import licences in order to import goods into the country. Most of the indigenous businessmen do not know whether this has been liberalized. Some of them think that they cannot bring in goods before they apply for an import licence. So, why can the Minister not conduct seminars to educate people on the benefits of these economic reforms so that people can know that they can go to Dubai or South Africa and bring things here? They should also know that they can also export Kenya products without problems. People have no knowledge of what is happening. It is only in Nairobi here that people are informed of what is happening. The big business people know about these economic reforms but most of the people do not know. The Opposition has been accused of interfering with the flow of foreign aid in this country. I am appealing to the KANU Government not to issue statements aimed at condemning the Opposition. They use this as a scapegoat to their failure in the economic management of this country. The Paris meeting which was scheduled to take place this month has been postponed. This has not been done because of the Opposition's interference but because they said that we have done very little, if any, in the implementation of economic and political reforms in this country.

The Minister for Finance (Mr. Mudavadi): On a point of order, Mr. Temporary Deputy Speaker, Sir.

I would like to correct my hon. colleague, hon. Kiliku, that the issue of the Paris meeting or it being postponed does not arise as it seems to appear in some section of the media. The Government, in its consultation with both Bretton Wood institutions took a deliberate decision that it is important that we have adequate preparation so that when the meeting does occur, we can discuss very very substantive issues in a manner that will be beneficial to this country. There is no question, therefore, of saying that there has been a unilateral action by the donor community. The date of a Consultative Group Meeting is usually the prerogative of the government in question and if the Government says that we are ready to have it in the course of November, then we would work towards having it in November. If the Government said that it shall be in December, then we work towards December and so forth. So, the issue of its being a unilateral decision from the international community as a form of a stalemate or punishment does not arise and I would like to correct this position. The question of the Consultative Group meeting is merely a forum for discussions but the question of consultation and whether resources do occur should not be an issue of speculation as it appears to be. Thank you.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, I was quoting the Press statement which the Minister has not so far refuted. I thought that since he kept quiet, he confirmed what was contained in the newspapers.

We heard that there are some people in this country who had deposited a lot of money in foreign currency abroad. I think that if we are calling now for investment money, the same people should also bring back that money and invest it in this country. This is one way of accepting the challenges of economic reforms which the country is undertaking. We should not cry to foreigners to bring this money when you have foreign money abroad. Where you have kept that money, those people have the records. They know how much you have in foreign currency. You should also take the challenge to bring back that money. We are borrowing our own money. How can we have Kamaus and Onyangos and so on having money abroad and then we say that we are competing for investment

money? Why can those people in this country not take that challenge and bring back that money to this country and invest it? Can we say that the climate in this country is very good for investments?

The Vice-President has said that we are now competing for investment money because the donor money is going elsewhere, but how can you compete for that investment money when you are issuing alarming and war-like statements? When you say that there are guerrillas in the country or that the country is about to be attacked by mercenaries from South Africa, how can you expect to compete effectively in bringing investment money into this country? Who is going to invest in a country which is about to be attacked by mercenaries from South Africa through Uganda? Therefore, when you say that you are trying to get this money you may not get it because of uttering such statements.

We had Brig. Odongo, that is finished. We have now mercenaries from South Africa who are about to attack Kenya from Uganda and now we are competing for investments. Who is going to bring that investment to this country? And when only nine Opposition MP's are going to Rwanda, we just start issuing statements. Kenya is now surrounded by enemies, we used to call yourself the island of peace. Now we are surrounded by enemies which we have made as a Government. Just read today's statement from US Embassy what they have said about investment in this region. If we have no friendship in this region, how can you expect investments? We should ask ourselves.

Political statements from some politicians have interfered with the investors who would come to this country and invest tremendously. I would like to call upon the Minister to encourage, just like other countries, the joint ventures between Kenyans and anybody coming to this country to invest. Why can those investors not be encouraged to have joint ventures with Kenyans because there is high scarcity of capital among the Kenyans? We have no capital which we can invest effectively. You should encourage those people to come and have joint ventures, even if they give us 10, 20 or 50 per cent in what they are going to invest. Other countries are doing the same, you cannot go to America and invest just like that, go to UK and invest, they will ask you "please do have a joint venture with the people here?". That is what the Tanzanians are doing now. After all, we have to censor these investments, we should not allow the briefcase investors to come to this country and buy things and go back and then we call that investment. No way! You have to know whether the investment is going to create employment or how we can benefit as a country.

For example, and I would like to call upon the Minister to specify the jobs to be created by the investors. If you go to Changamwe today, you find that there are ten transport companies, some of them from Zaire and Tanzania who came last year and came with their drivers, mechanics and turnboys, hence not employing our people here. Yet we have so many drivers, mechanics and turnboys. Why can the Minister not specify the jobs to be done? Are we going to allow these investors to bring drivers and messengers with them just because we like that investment? The investor should be represented, yes, by Financial-Controller, Managing Director and maybe somebody else but other jobs must be done by indigenous Kenyans.

At the Moi International Airport in Mombasa, the expansion is now finalised. It is advisable for the Minister as concerns those Duty-Free shops in that airport to be given indigenous Kenyans. There is nothing special sold in the airports and Kenyans can sell those things because it is a free market now. You have given Jomo Kenyatta International Airport Duty-Free shops to somebody from Dubai but those shops should be given to indigenous Kenyans. After all, what special thing is sold there? The applications have been made, those indigenous Kenyans should be given to run those Duty-Free shops in the airports.

The Central Bank does not sell foreign exchange to the business community, they are supposed to go to the commercial banks. Could the Minister direct those commercial banks not to discriminate against anybody in selling foreign exchange? You can go to the bank and you are told there are no US Dollars or Sterling Pounds and somebody else after you in the queue gets all the dollars he wants. Commercial banks should not discriminate as to who to give the foreign exchange. This is the time the Minister should take this challenge and help this country for more investors to come. The Bill is encouraging indigenous people to invest locally but how come a foreigner can come here and buy *mitumbas* and sell to the people? Is that investment? Why can you not encourage the foreign investors to take the big jobs and the small jobs like running of kiosks to be left to Kenyans? This country seems to belong to the foreigners. You bring an investor here and give him free land. Why can that investor not be told to buy the land as part of investment? You do not have to give our land freely when we have landless people in this country. I talked about Brollo (K) Ltd last week and said that the Government through ICDC got 40 per cent in Brollo Kenya Ltd and Brollo himself who is an Italian got 60 per cent. Now Mr. Doshi---

The Minister for Finance (Mr. Mudavadi): On a point of order, Mr. Temporary Deputy Speaker, Sir. I just want to know who has been given free land. The Government is not giving free land to any foreigner. If there are foreigners investing here they buy or lease the land but I am not aware of any free allocation of land. Perhaps, it would be good to shed some light on that.

Mr. Kiliku: The Brollo Kenya Ltd was given 58 acres in Miritini. How much was that land valued before that company was established?

The Minister for Commerce and Industry (Mr. M'Mukindia): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is it in order to discuss matters that are already before the court in this House?

Mr. Kiliku: The matter is not in court. Last week I challenged the Minister and I said there were documents of corruption.

The Temporary Deputy Speaker (Mr. Wetangula): Is the matter in court?

The Minister for Commerce and Industry (Mr. M'Mukindia): The matter is in court and I would request hon. Kiliku to stop discussing it. It is before the court.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, could the Minister substantiate by giving us the case number, if it is not in the Minister's court and is in law court? Because I am not aware of it being in court?

The Temporary Deputy Speaker (Mr. Wetangula): The Minister says that the matter is in court.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, but the Minister is a hon. Member of Parliament and he is subject to the Standing Order which require us to substantiate any allegation mentioned in this House.

The Temporary Deputy Speaker (Mr. Wetangula): In any case, hon. Kiliku, what has Brollo Ltd. has to do with repeal of the Exchange Control Act?

Mr. Kiliku: Mr. Temporary Speaker, Sir, it has got something to do with the investment! The memorandum in the Bill is about the investment.

The Minister for Commerce and Industry (Mr. M'Mukindia): Mr. Temporary Deputy Speaker, Sir, I was not aware that the hon. Member was going to bring this matter in this House today. However, if he wants the case number and all the details, I can bring them to this House tomorrow. I would wish to tell him that it would be appropriate not to go into this matter further.

The Temporary Deputy Chairman (Mr. Wetangula): We will take the Minister's word that the matter is *sub judice*.

Mr. Kiliku: That company has been given a free land--

Dr. Lwali-Oyondi: On a point of order, Mr. Temporary Deputy Speaker, Sir. I maybe having matters in court, but you can talk about me on any other matters if it does not touch on the matter before the court. Is the Minister in order to stop the hon. Member from speaking on Brollo Ltd. or any other matter than the one before the court? Could he tell this House what is exactly before the court?

The Temporary Deputy Chairman (Mr. Wetangula): Order, Minister, there is nothing worth replying. The Minister has not stopped the hon. Member from saying anything; he simply drew the attention of the House that the matter of Brollo Ltd. is in court and I ruled it is and we should not deal with it.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, I promised this House last week that I was going to substantiate my allegation as to the corruption that has been happening in Brollo Ltd. where the Government has 40 per cent of the shares and--

The Temporary Deputy Chairman (Mr. Wetangula): Hon. Kiliku, I have just ruled that the Brollo Ltd. matter is in court and you do not have to discuss it.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, anyway, I promised this House last week, I am going to substantiate tomorrow in the afternoon.

Before I conclude, I think the Minister is now aware that the investments are special in terms of tourism that has now dropped to about 20 per cent in number of tourists who used to come in this country. I do not know whether the Minister knows that there is a system of African Safari Club to take all tourists when they visit Mombasa by sea to South Africa to do shopping and then come back to Kenya and then go. Why are we encouraging that company to ferry all the tourists coming to this country and take them to Zanzibar, Durban, Johannesburg and having done their shopping they come here on their way home? Then we are boasting that we are competing for investment. What kind of competition is this when you are encouraging that company? It must be discouraged, the tourists must be free to come and invest in this country. Tourism has been helping this country a lot.

The other thing is that investors, who come to this country should be encouraged by not demanding Harambee from them. Most of these investors - wherever they come from -do not know what Harambee means. But when they come to the table of negotiation, you talk to them and then having finished with them, you tell them that you are busy running that you have got a Harambee or fund raising somewhere. That is making the investment to be very expensive and it is corruption. Investors should be free to come to this country without any obstacle. The question of demanding Harambee from the investors should stop if it is there. These investors create job opportunities to our people.

For those export processing zones, I do not know whether the Minister is aware of how much these people are getting as a foreign exchange because they are supposed to export 50 per cent of their volume. Why are they not paid with the foreign currency? These companies are earning money in form of foreign exchange, why can those employees not be paid in foreign exchange because they are part of the company? These employees produce those goods which are sold outside and are not paid in foreign exchange.

The Minister for Finance (Mr. Mudavadi): On a point of information, Mr. Temporary Deputy Speaker, Sir. I just wanted to point out that there are several companies that earn foreign exchange; we have Brooke Bond, KTDA, coffee farmers and so forth. They have employees. Are you saying that you do not want people to have confidence

in their own currency so that whoever is earning foreign exchange must equally pay their workers in foreign exchange.

What would be applying to HZ or the Kericho farmers, they earn foreign exchange. What would we be helping the local population in Kericho by giving them foreign exchange, what for?

Mr. Temporary Deputy Speaker, Sir, I think what is important is that they get the true value of their sweat. I think it is good to have confidence on the Kenyan currency.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, those are points of argument because drivers who drive big trucks to Sudan, Zaire, Uganda and so on, they are paid in Kenyan currency and when they go to the border, they are told that they have to convert that money into dollar which is very small allowances for them. BaYusuf Brothers, Coastline and all transport companies where the drivers drive outside this country are paid in local currency and they have to convert that money into dollars.

In 1991, for the first time, this country went to Paris Club. That was an indication that the country was in an economical ICU since that time. Those conditions which were given in Paris Club in 1991, it appears that the Government has done very little. Why is it that the Government has not implemented those conditions for the last four years now? This country should not be going to Paris Club to beg or kneel down. Kenya used to be a big country in this continent, it is a shame for this country to be surviving at the mercy of the meetings in the Paris Club. We should not be going to Paris Club.

Mr. Temporary Deputy Speaker, Sir, it is not advisable to survive at the mercy of the foreigners sitting down in the Paris Club. Why have we not implemented some very small things? You register all the political parties even if they are 1,000. Register them. You are denying the citizens of this country very essential services like medical services. If we do not get money now, we are going to suffer. Both the Opposition and even KANU will suffer because they survive on money.

(Laughter)

Why should we suffer for small political reforms like telling the chiefs and DOs not to interfere with the meetings of Opposition? That is more exact. It is a one line directive.

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

Mr. Temporary Deputy Speaker (Mr. Wetangula): Yes, Boy Juma Boy!

Mr. Boy: Mr. Temporary Deputy Speaker, Sir, I would not like to interrupt my hon. friend, but I would like to know which Clause of the Bill is he talking about? He is now talking about the Administration and the chiefs interfering with political reforms, something which is not in this Bill.

Mr. Temporary Deputy Speaker (Mr. Wetangula): The Bill we are debating on has only two Clauses, hon. Boy! It is obvious hon. Boy has not seen this Bill.

(Laughter)

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, I am talking about the economic climate. The climate on investment which encourages foreigners to come and invest in this country is not good. Why should we punish the innocent Kenyans by not implementing the 1991 economic and political conditions which were given in the Paris Club, by registering more political parties, by telling the DCs and chiefs not to interfere with the Opposition and by licensing their meetings? What are we going to lose? If we did this, we shall get the money to run the hospitals.

When Mr. Kiwe are talking about corruption, corruption must be discouraged because it has interfered with investments in this country. It is wonderful! In 1992, if you read how the Central Bank was selling their security bonds, where Kamlesh Pattni and others made KShs.22 billion in foreign exchange---

Mr. Temporary Deputy Speaker (Mr. Wetangula): Order Kiliku! That is a matter in court and you are out of order.

Mr. Mulusya: A point of information, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Wetangula): Order! There is no information. The information you are giving is on a matter I have ruled as irrelevant. So, it is not allowed. Carry on, Mr. Kiliku.

Mr. Mulusya: Mr. Temporary Deputy Speaker, Sir, it is not the same.

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Mulusya! Hon. Kiliku you are continuously being irrelevant to the Bill.

Mr. Kiliku: The Bill is about---

The Temporary Deputy Speaker (Mr. Wetangula): I expect you to be talking about the advantages or disadvantages of the Exchange Control (Repeal) Bill. You are just wondering in the wilderness.

Mr. Kiliku: Mr. Temporary Deputy Sir, I was talking about corruption.

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

The Temporary Deputy Speaker (Mr. Wetangula): Yes, Mr. Boy!

Mr. Boy: Mr. Temporary Deputy Speaker, Sir, is it in order for the hon. Kiliku to be on the Floor when you are speaking to him? Is that in order?

The Temporary Deputy Speaker (Mr. Wetangula): He is grossly out of order!

Mr. Boy: Very good!

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, it is out of order for any Member of Parliament to direct the Speaker on what he should say. Before I was interrupted I was talking about corruption which is affecting the economy. You cannot do without talking about corruption in this country.

Mr. Mulusya: Point of information, Mr. Temporary Deputy Speaker, Sir.

Mr. Kiliku: Accepted.

Mr. Mulusya: Mr. Temporary Deputy Speaker, Sir, the information I want to pass to the hon. Kiliku is on corruption and why the donor community is refusing to advance this country any more grants, loans and why they have changed the date for the Paris Club meetings until next year. This is because the Minister and his team have refused to accept that the Government must force those who have stashed billions of money in foreign accounts to repatriate that money and the Government is arguing that, if you want us to accept to bring this money, you must tell the Opposition that if we bring back this money, they should not ask us or anybody who brings money back which was outside the country, how that money was obtained and why it has been outside the country. The contention is that they want a safety net or valve to the effect that, when they bring the money, we do not ask how they acquired that money.

An hon. Member: We know! Bring the money and we will not ask!

The Minister for Finance (Mr. Mudavadi): On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Wetangula): Yes, Mr. Mudavadi.

The Minister for Finance (Mr. Mudavadi): Mr. Temporary Deputy Speaker, Sir, I wanted to say that if hon. Kiliku will accept that point of information, then he will be misinformed.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, that was hon. Mulusya, not hon. Kiliku. I finish by appealing to the Minister that whenever he attends these meetings he should at least go with one or two Members of the Opposition because he attends the meetings on behalf of this country and when he comes back to this country, he presents to this Parliament the deliberations of what he actually presented there. This is because he does not go there on behalf of KANU. He goes there on behalf of this country. We should know what is happening.

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

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Makau, I would like to draw your attention to the general guidance that I am no longer going to take any irrelevancies in your contribution.

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, this amendment of the Exchange Control Bill is timely because the economic reforms this country has been undergoing cannot be effectively done without amending various Acts. The Exchange Control Bill is so crucial to economic reforms, in that anything that we do about economic reforms, especially with a view that the reforms that are taking place are meant to encourage investors both local and foreign, that cannot be done with the existing---

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

The Temporary Deputy Speaker (Mr. Wetangula): Yes, Mr. Kiliku.

Mr. Kiliku: Mr. Temporary Deputy Speaker, Sir, the Minister is debating on this Bill as being amended. The Bill is being repealed, not amended!

(Laughter)

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, I am saying repealing. That is all I am stressing and it was difficult for us to hear what you were explaining. When you look into other developed countries like Britain, it has always been assumed that if you have exchange control in place the country will be sure of having foreign exchange. But this was proved wrong in 1979 when Britain repealed the Exchange Control Act and made it free for anybody to take money out or bring money in that country.

Mr. Temporary Deputy Speaker, Sir, the Central Bank plays a very crucial role when it comes to exchange control and this Bill is giving powers to the Central Bank to be able to supervise, to license and be able to do all things that will affect the exchange control in this country. One of the things that is contained in the Bill which is extremely very very important is the licensing of banks and exchange bureaus. It is one thing---

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

The Temporary Deputy Speaker (Mr. Wetangula): Yes, Mr. Michuki.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I really did not want to interrupt the Minister. Is it in order for the Minister who is talking about the repeal of this Act to anticipate debate about the Central Bank of Kenya (Amendment) Bill?

Mr. Temporary Deputy Speaker, Sir, I am trying to explain that point; I am not anticipating anything. We

welcome investors. We should always stress that the environment should be conducive for good investments both local and foreign investors. The local investors would be able to go into joint ventures with foreign investors. I believe, this should be our emphasis. Sometimes a foreign investor may find conditions not be favourable and decide to move out of the country and leave the local investors carrying on with the business. That is why we should emphasise on joint ventures and encourage Kenyans to get partners outside. That way, we shall get stable investment in our country. This is the type of climate that we should have.

There is no way we can create a favourable climate for investment and monetary policies without political implications. I am emphasising on this because any investor in this country, first and foremost, will look for stability and security. You can have all the exchange controls repealed and do everything, but the most important is for the investors to have confidence in the country that they are going to invest in.

Mr. Temporary Deputy Speaker, Sir, it is very important for leaders and also all Kenyans to create that type of environment of security and stability. I would like to appeal, not only to politicians, but to all Kenyans to encourage investment and work towards creation of environment that will attract investors to come into this country. At times we wonder whether leaders are making any effort towards this goal of creating that sort of environment. We should not scare off local or foreign investors by creating a situation of fear in our country.

(Applause)

Kenya is an island of peace in a region full of turmoil. All of us, whether in the Opposition or in Government, should be committed to continue making Kenya a stable country because that stability will attract investment. We should know that if we are not patriotic and if we are not out to protect this country, but instead allow ourselves to be influenced by outsiders to create instability in Kenya, no investor is going to bring his money into this country. They will always be afraid of investing. Who is thinking of investing in countries like Rwanda?

An. hon. Member: Everybody!

The Minister for Information and Broadcasting (Mr. Makau): Who? I can see an hon. Member raising his hand, but I would like to tell him one thing: We should, as patriotic Kenyans, be aware that there is a grand scheme being nurtured by a neighbouring country to destabilise this country and I would like to appeal---

Dr. Kituyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Notwithstanding the fact that hon. Makau is exceedingly deviating from the substance of the business before the House which is your discretion. Is it in order for a hon. Member of Parliament to cast aspersions to the leadership of a government of a country which is friendly to this country and a Minister of Government or for that matter the Minister responsible for propaganda?

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Speaker, Sir, I do not know that friendly country that he is talking about. The country in question is not at all friendly to this country.

An. hon. Member: It is!

The Minister for Information and Broadcasting (Mr. Makau): It is not! What type of friendship? What I am saying---

Dr. Lwali-Oyondi: On a point of order, Mr. Temporary Speaker, Sir. Is the Minister in order to mislead the House by saying that the countries he has just mentioned are at war with Kenya? If they are not friendly, then they are at war. Is the Minister declaring war?

The Temporary Deputy Speaker (Mr. Wetangula): Order! Friendship is not the opposite of war!

(Laughter)

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, what I am stressing here is that in a country like Somalia, which is in chaos, the truth is that there is no legitimate Government that you can deal with apart from the rebels that invaded that country.

Mr. Temporary Deputy Speaker, Sir, I am talking about the region---

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

The Temporary Deputy Speaker (Mr. Wetangula): He is responding to a point of order. How can you stand on a point of order?

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, I am continuing.

Mr. Mulusya: Then finish.

The Minister for Information and Broadcasting (Mr. Makau): I have not finished. I have said that stability is very crucial. Kenya is an island of peace in a region in turmoil.

An. hon. Member: You want to create another Rwanda?

The Minister for Information and Broadcasting (Mr. Makau): What? Rwanda is in turmoil and you went there to witness the killings. The only way to create an enabling environment for investors in this country is for

them to know that all of us in this country are patriotic, we love our country and are prepared to promote peace in this country that will create stability.

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

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Mulusya! Not allowed. Mr. Makau, carry on!

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, before my hon. friend interrupted me by raising his hand as if we are in a classroom, I was stressing the fact that those of you who are supporting rebel Governments and those who went to study genocide---

What is there to study about genocide? What is there to study about people who are killing others?

An. hon. Member: That is irrelevant!

The Temporary Deputy Speaker (Mr. Wetangula): Order!

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

The Temporary Deputy Speaker (Mr. Wetangula): Out of order! Order! Hon. Makau, I want to remind you of the provisions of Standing Order No.73(1) which states:

"Neither the personal conduct of the President or any conduct of Mr. Speaker, or any Judge or the Judicial conduct of any other person performing judicial functions nor any conduct of the ruler or the Government or the representative in Kenya of any friendly country, shall be referred to adversely, except upon a specific substantive Motion moved for that purpose".

Hon. Members: He does not know!

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, I am aware of Standing Order No. 73(1).

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, I am aware of Standing Order 73.

The Temporary Deputy Speaker (Mr. Wetangula): And, Mr. Makau, every country is presumed to be friendly to Kenya until the contrary is proved!

The Minister for Information and Broadcasting (Mr. Makau) But, Mr. Temporary Deputy Speaker, Sir, how friendly is a country whose President goes to the United Nations Organisation (UN) to attack Kenya? How friendly is a country that sponsors Opposition hon. Members to visit it saying that they are learning about genocide? How friendly is that country?

Mr. Shikuku: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am rising on a point of order, which is very serious. One, you have made a ruling, but it appears the hon. Member is not taking into account your ruling. We know that until we have declared war, or until we have finished with them, they are still a friendly country. Is he in order to try and ignore your ruling? Is it not time he was named and thrown out of the House?

The Minister for Information and Broadcasting (Mr. Makau): Temporary Deputy Speaker, Sir, I am stressing the fact that we are even asking neighbouring countries to invest in this country.

The Temporary Deputy Speaker (Mr. Wetangula): Order! Hon. Makau, can I hear more about the repeal of the Exchange Control (Repeal) Bill and less about our neighbours?

The Minister for Information and Broadcasting (Makau): Mr. Temporary Deputy Speaker, Sir, I am talking about creation of stability in this country. The repeal of the Exchange Control Act is meant to create an enabling environment for people to bring their money to this country. But there is one thing that we cannot delink---

Dr. Kituyi: On a point of information, Mr. Temporary Deputy Speaker, Sir.

The Minister for Information and Broadcasting (Mr. Makau): No! I do not want information!

An hon. Member: But you are the Minister for information!

(Laughter)

The Minister for Information and Broadcasting (Mr. Makau): No! I do not want information.

Mr. Temporary Deputy Speaker, Sir, it is a good thing to repeal the Exchange Control Act so that people can bring in here their money and invest and also be able to take out the profits. But it is very important that we cannot debate a Bill in a vacuum! What is it that creates attraction to investors? People are unable to bring their money because of the exchange controls which have been in existence. People now want to invest in Kenya because it is a stable country, and that is the most important point. As long as that stability does not exist there is no way people will invest in this country.

Mr. Temporary Deputy Speaker, Sir, another area that I would like to address myself to is the question, which other hon. Members have talked about, of the International Monetary Fund (IMF), the World Bank (WB) and other donors. This country is on the right track. All the fiscal and monetary policies that are being pursued are geared towards making us less reliant on foreign aid. This is a very good trend. We talk about money from the World Bank and other donors, but we will be more at home if we create more from within. We should know that as far as the

Western World is concerned, the Third World, and even Kenya, is irrelevant. So, we should create this environment. As I said, the most important and strong base for any country is local investors. I can give the example of India. I visited India recently and found one of the reasons why foreign investors are going to India is because they know that Indians themselves have a very strong investment base.

With those remarks, I am reminding my colleagues in the Opposition that we should be patriotic. Let us not go and talk about our country outside the country because doing that can be taken to be a treasonable act.

With those few remarks, I beg to support.

Mr. Michuki: Thank you very much, Mr. Temporary Deputy Speaker, Sir, because I would like to also contribute to this Bill.

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

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Kiliku! Are you rising on a point of order, on what hon. Michuki is about to say?

Mr. Kiliku: I am on a point of order!

The Temporary Deputy Speaker (Mr. Wetangula): Can I hear you?

Mr. Kiliku: We, as hon. Members of this House, are supposed to go outside this country and doing that should not be termed as being treasonable! This Government Minister, who has just concluded his speech, has stated that going outside the country by Members of Parliament can be termed as being treasonable. Can he clarify what he meant by that or withdraw? That is very sensitive, especially to investors! He talked about good climate for investment.

The Temporary Deputy Speaker (Mr. Wetangula): Hon. Makau, did you say that? I did not hear it.

The Minister for Information and Broadcasting (Mr. Makau): Mr. Temporary Deputy Speaker, Sir, I want to repeat what I said so that you can hear it.

The Temporary Deputy Speaker (Mr. Wetangula): What did you say?

The Minister for Information and Broadcasting (Mr. Makau): I said that anybody who goes out of the country to meet people and discuss, or be impressed by any situation that will bring instability in the country they have visited, then that could be termed as a treasonable act.

The Temporary Deputy Speaker (Mr. Wetangula): I see nothing offending in that. Carry on, Mr. Michuki.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I thank you very much for giving me the opportunity to contribute to this very important Bill, which essentially, of course, is to remove from our statute books the laws which used to govern the movement of capital. For this reason, first, I would like to congratulate the Minister for Finance, hon. Mudavadi, for having advised the Government of Kenya correctly. The Exchange Control Act represented fear, lack of confidence in our own economy and management and in many ways it impeded the economic growth of this country. To that extent, I personally welcome the repeal of this Act in order to facilitate free movement of capital and in general payment for goods and services, be it the case that they originate from Kenya or from outside this country.

Mr. Temporary Deputy Speaker, Sir, this is a step forwards in international interaction in business and supply of goods and services. We know, for example, that those who hold capital in Europe and America are getting a very low rate of interest. In fact, the general return on capital in all those developed countries is about 4.5 per cent. That is what investors expect to earn from their investments, particularly through certificates of deposits or whatever way one wants to treat deposit money. Therefore, having been assured of free movement of their money, foreigners are prepared to bring their capital here because by depositing it with commercial banks they are able to get a far greater return on their money than they would otherwise in their own countries, in Europe and North America. Therefore, the removal of the exchange controls should be able to facilitate that movement of capital in favour of a country like Kenya. I do not know whether this House is aware that Singapore, a country with which we were at the same level in terms of economic growth way back in 1974/75, has a market that turns over \$10 billion a day.

If you look at our market here and I am sure that the Minister is aware, we are hardly turning over \$100 million dollars. It is probably worth between \$100 million and \$150 million and that in a highly controlled atmosphere. So, from the point of view of investment, the repeal of Exchange Control Act is only a first step towards very many steps that we require to take. I was somewhat amused to note the first part of the contribution made by the Minister for Information here which was fairly good because he was addressing the need for investment and how people can be encouraged and at the end, he ruined the whole case of his by implying that there is an enemy lying out there to come and attack Kenya. All these talks and we know it- some of us are in tourism and we know it. We get these cuttings everyday; things like Odongo, one person, talking about FERA, the attack on journalists and the attack on Leakey. All these things go out. The allegations that the South Africans are sending mercenaries here through Uganda. The men, the observer in London, in New York and in Chicago does not know whether you are playing politics. He marks that as a characteristic that is apparent in Kenya. Therefore, you cannot talk about investment whether you repeal an Act like this on Exchange Control without putting these other steps in place.

We are actually doing a very futile business and the policies cannot stick. They cannot work because we must

stop alleging things because of imagined fear and a Government such as KANU which has a large Army, a large Air Force and a large Navy and fairly patriotic Kenyans where there is justice and where it is through that patriotism is required and it must be pointed out that if all these things that actually create that investment climate are to be discussed, patriotism KANU is not the master of how people should think. We know what patriotism is about and if you want us to cover---

If I may use a very strong word, if you want us to cover you--- I am sorry, I will not use that word, you must be truthful in what you do. You cannot continue to urge people to be patriotic, to support policies which are unsustainable because the kind of thing that KANU is doing will not promote investment. KANU has been unable to maintain law and order. The work of a Government is to maintain law and order and protect lives of people. When some tourists came here the other day, one of them was shot here in Outer Ring road. He was very lucky. It is not that crime cannot take place but for a person who is serious to maintain law and order, even a small child will know.

Even a small child knows there is no seriousness in this Government. Without proper security, you cannot talk about investments. You can talk about tourism until cows come home, but it will not be here. It will not come here. Above all, as it has been stated in this House, if you really want investments to come to Kenya, first and foremost, make sure that the local investors are properly treated. Any foreigner who comes to invest in Kenya will always want to know from those who have invested here, it does not matter how many conferences you hold, how they are being treated. That is the question that is being asked and will continue to be asked.

So, if you really want to address the international community on investments, I think it would not be proper for us to advise you, to first of all, treat your investors well locally, because they will be your ambassadors locally. They will be the ambassadors for these investments. In any case, they will be the people who will be asked by those who are coming in to invest, how they are being treated.

So, whatever you say elsewhere is all coming to naught. Therefore, we need security in order to attract capital. Also, good governance is very important because within it, you have justice and fair treatment of people irrespective of their origin. Let us show this by ending tribalism which we tend to verify in words, but on the ground it is being practised by all these Ministers you see here because that is their policy. That is the policy they practise on the ground in schools, Army, Police, Civil Service, in dishing out loans. The Agricultural Finance Corporations (AFC), for example, which is one of the vehicles of investments in this country, has been monopolised. It is no longer an institution which provides investments to the local people. It does not provide this.

In fact, it would be futile for a person like me, because I am a Kikuyu to send an application to that institution. I have tried it and failed. I am not talking out of the way.

The Minister for Health (Mr. Angatia): On a point of order, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Wetangula): What is it, Mr. Angatia?

The Minister for Health (Mr. Angatia): Mr. Temporary Deputy Speaker, Sir, I do not know what hon. Michuki, being a Kikuyu, has anything to do with this Bill. He has been the greatest beneficiary from the existing stability and atmosphere of investments. He is one single individual who has benefitted greatly. What has Kikuyus got to do with this Bill?

An hon. Member: That is not a point of order.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, the Minister is being impatient.

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Michuki---

Mr. Michuki: I am responding to this---

The Temporary Deputy Speaker (Mr. Wetangula): I just want to appeal to all hon. Members contributing, to avoid making statements that are likely to whip up unnecessary tribal hatred and concentrate on the Bill.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I think I am quite within my own right to speak about this Bill, which is being repealed in order to promote---

Mr. Temporary Deputy Speaker (Mr. Wetangula): Mr. Michuki, I have just given a guided ruling, and that is all. I do not think it is a matter to dwell on. Talk about the Bill. Your being a Kikuyu or not being a Kikuyu has nothing to do with the repeal of this Act.

Mr. Michuki: Mr. Temporary Deputy Speaker, Sir, I was talking about creating an environment for investments. This is one of the first step as far as this Act is concerned.

Mr. Mulusya: --- (Inaudible)

The Temporary Deputy Speaker (Mr. Wetangula): Mr. Michuki, sorry for interrupting you. I am so sorry about that. Hon. Mulusya, we want to maintain the highest standard of dignity in this House. The words you have just uttered, in reference to hon. Angatia, are an upfront to that, and I order you to leave.

An hon. Member: What has he said?

The Temporary Deputy Speaker (Mr. Wetangula): Order, Mr. Michuki, you will continue after he has left.

Mr. Mulusya: What have I said?

The Temporary Deputy Speaker (Mr. Wetangula): You are so close to the Chair, and I can hear you.

Carry on hon. Michuki. Order, hon. Mulusya, you are now a stranger in the House.

(Laughter)

Mr. Michuki: Mr Temporary Deputy Speaker, I seem to agree with you that there should be---

Mr. Shikuku: On a point of order, Mr Temporary Deputy Speaker, Sir. The hon. Member who you have asked to leave, has not left and the hon. Speaker is continuing---

(Mr Mulusya withdrew from the Chamber)

The Temporary Deputy Speaker (Mr Wetangula): Order! I had advised hon. Michuki to wait until the "stranger" leaves the House. Carry on hon Michuki.

(Laughter)

Mr. Michuki: Mr Temporary Deputy Speaker, another area which relates to investment of this Exchange Control Act is being done is in relation to the financial sector, and, if I may appeal to your good offices for the gentlemen here to allow me to concentrate because I am unable to concentrate as they continue talking.

Mr Temporary Deputy Speaker, the other area I wanted to address in favour of the appeal of this Act is our own domestic financial management, because even where, as a result of the repeal of this Act, investors from overseas would bring their capital here. It is not all the capital that they will bring, but they will also require local capital. Incidentally, although the movement of foreign exchange would take place, we cannot pay our people wages in foreign currencies, even if we were to earn it as we do from coffee and tea, because the foreign currency is supposed to be the consequences of a foreign transaction, and our employment, schools, and activities in Kenya, are not in that category.

Therefore, addressing the local money management, the whole of the monetary system in Kenya, I think, we shall have to put our house in order. I referred to this area when I was contributing to the debate on the Vote of the Ministry of Commerce and Industry. That is we have actually prevented, we have prevented the initiative for investment locally because of the policies we have in Kenya in monetary management. If you look at the whole of this thing, from the Central Bank, the Ministry of Finance, right through the commercial banks, the whole policy gives you the impression that the whole theatre is there for the fittest. The Government continues to incur very, very high deficits within its own expenditure. These deficits lead the Government through the Central Bank, to offer Treasury Bills in order to meet this need at very high rates of interest. These high rates of interest of Treasury Bills are related to the interest rates that the commercial banks will charge to those who want to borrow. As it is, with Treasury Bill rates far beyond 20 per cent where banks now are, if you are luck offering their money at rates, which range between 26-31 per cent. It is not possible to do any useful investment, either for the personal benefit of the investor or for the development of this country, at those high rates of interest.

A deliberate policy should, therefore, be put in place by the Government on two fronts: One, workable decisions to reduce budgetary deficit. The latest figures that are available indicate that the Government has incurred a deficit in excess of K£2 billion. This is a very frightening figure representing a deficit allegedly arising from expenditures in relation to which services are not visible because roads are in chaotic condition and enough medicine cannot be supplied to the hospitals, health centres and dispensaries. The people have no medicine with deficit as high as that. Even to get clean water is a problem. We have had people here in Nairobi dying of diarrhoea and vomiting because of dirty water and lack of medicine to treat them. So, we must put in place a policy to control deficit in Government financing. If we continue to pay lip-service to this matter, this country will continue visibly to get worse and worse in its economic fields and therefore it is important--- I therefore urge the Minister for Finance who has so far remained untarnished until his left hand was tempted with Kshs14.7 billion --- I urge the Minister for the sake of this country and the generations to come to control the deficit in the budget. Even at the risk of resigning, let him refuse to incur deficits which cannot be sustained and which ruin the economy across the board where our people can no longer be able to borrow. Even a small farmer cannot borrow from a commercial bank today. Even those who are desperate cannot borrow because the interest rates are so high because of very high rates within the payment for Treasury Bills and incidentally, for those who are not aware, Treasury Bills raise money to cover the Government deficit. That is why I am connecting the question of expenditure with the Government, the high interest rates in Treasury Bills and consequently the high interest rates within the commercial banks.

So, how do we get out of all these shambles, confusion and darkness, because the whole area is dark? It is only this Government that can assist by taking the second step as they have taken the first step in bringing amendments to this Act. It is only they who can make a decision accompanied by a political will to implement. Many decisions have been made, we had a Sessional Paper No.1 of 1986. The best paper we have ever produced and I think hon. Onyonka was involved in the preparation of that paper. Have we implemented it? Where has this fear come from that

causes such a paralysis in political decisions; decisions which ought to speak so that we can make progress? Lip-service will not pay. Kenyans have come to know that this is a Government of lip-service. Let us see for once whether they can turn the clock around by controlling deficit and consequently controlling Treasury Bills rate, thus lowering the interest rates in commercial banks so that our people can borrow

Mr. Temporary Deputy Speaker, the repeal of this Act has another facet altogether. And that facet is related to what I have just been saying, where we would control the deficit, where we would control our Treasury Bills rates, and therefore reduce the interest rate in commercial banks and thus giving the Kenya shilling stability and very good and great strengths. Now, it is that strength of the Shilling that eventually, now that currencies are freely movable, will give the Kenya Shilling the convertibility which ultimately it must acquire if it has to play an important role in commerce and trade by being acceptable and in demand all over the world.

Mr. Temporary Deputy Speaker, I am saying, this is the first step. There are many other steps which we must take, and the ultimate is that, we improve our balance of payment, our balance of trade, we improve our economy, we improve our Shilling so that, eventually it can be acceptable to international community. That depends on how much the Government of Kenya, has that political courage and will to tackle this problem now and not later. So, I beg to support.

Dr. Kituyi: Thank you, very much, Mr. Temporary Deputy Speaker. There is not terribly much one can say about the business in before the House, because, while one appreciates certain structural measures taken to facilitate liberalization, it is best that one could analyze it in the context of seeing which measures have been retained, so that, in a way our debate here is crippled by not being able to discuss this in tandem with our discussion of the Central Bank (Amendment) Bill.

Having said that, Mr. Temporary Deputy Speaker, I wish to say just two critical things. One, it is a very important and positive step that the Government is at long last legalizing the disbanding of the exchange control department. But that comes with two problems, the first one is that, it is a delusion, it is a mistake, for anybody to assume that the abolition of the exchange control department is the same as the allowing of anarchy in the transactions in foreign currency.

Related to that, Mr. Temporary Deputy Speaker, there is no country in the world where the movement of currencies is so free that you can take in and take out without any monitoring facility in the country. Now, what does that mean for this country? It means that while we support the Government in removal of the main hurdle institutionally, to the ease of international trade for Kenya, it is very unfortunate that persons who are very senior in this Government have very recently attacked the very spirit in which the Central Bank was moving. By saying that any attempts to monitor the movement of monies into and out of Kenya, is an anti-business measure. Now the Government has to start addressing this matter with one voice. If Government wants to repeal the Exchange Control Act, it has to be ready that other measures to monitor, particularly the movement of laundered money and money for drugs, and money stolen locally and externally, that, that function has to be incorporated into other instruments of the Central Bank.

If the Government is encouraging the Treasury and the Attorney-General to make the necessary legislative agenda brought to the House to repeal the Exchange Control Act and leaders of the same Government are calling alternative measures to monitor stolen money as an anti-business measure, one wonders whether their sympathies are with the people who are laundering that money or they are with the people who are trying to streamline the management of foreign currency in this country. It is important, Mr. Temporary Deputy Speaker, that the Minister for Finance or higher authority gives a clear policy statement in this country to clarify their position vis-a-viz the attempts by the Central Bank to monitor the movement of large quantities of money because those who are involved in this movement are celebrating the repeal of this Act assuming that now they will have the regime of anarchy for the movement of currency.

Mr. Temporary Deputy Speaker, it is unfortunate in a way, that this piece of legislation comes before the House this time, because today I passed by the new Central Bank building which is now on 14th or 15th floor, and I thought how wasteful that a country which projects its need of space in Central Bank, projected on the basis of an expanding exchange control department, continues to construct this monster when now there is excess space in the existing Central Bank. Maybe it would have made sense that at the point when it was being seriously considered to make public policy, the abolition of the exchange control department, the Government would have go slow on the construction of a huge building for Central Bank which will never at all be relevant and necessary for our Central Bank. If you are looking at the regime of managed liberalisation in the financial sector, like we attempt to do by the different instruments now on the Central Bank, one of the biggest problems that you have to address, is to get Government out of the air of the Central Bank. It is good that some of the functions through which those in Government have been tempted most to have had a hand in Central Bank, the manipulation of applications for allocation of foreign currency is disappearing. But it is also true that until and unless this country is clear about what are the roles of its Central Bank, and that we have agreed that nobody is going to transgress the boundaries, just a partial repeal of cumbersome sections of the Central Bank will not, in itself, resolve the problems associated

with the movement of monies into and out of the country.

Mr. Temporary Deputy Speaker, it is unfortunate that at the time when we are trying to gain confidence in the Central Bank, personnel within the Central Bank are showing signs that they are also falling into bad ways

Today, I have access to information on documents which show that the Central Bank of Kenya over the past half year, has paid Kshs4.5 million to renovate a private house in Lavington, furnish the same house at the cost of Kshs2.5 million and then take out a lease on that house at the cost of Kshs100,000 every month, paying Kshs1.2 million in advance.

Mr. Shikuku: On a point of order. I am sure, Mr. Temporary Deputy Speaker, you heard the definite statement made by the hon. Member to the effect that he has got evidence that Kshs2.5 million was paid on a private house in London, could he substantiate that allegation?

The Temporary Deputy Speaker (Mr. Wetangula): Did he say London or Lavington?

Dr. Kituyi: Mr. Temporary Deputy Speaker, I did say that over the past half year, the Central Bank of Kenya has used Kshs4.5 million to renovate a private house belonging to a senior official in the Central Bank, used another Kshs2.5 million in furnishing the same house and then proceeded to take a lease on that house at the rent of Kshs100,000 per month.

The Temporary Deputy Speaker (Mr. Wetangula): You are being challenged to substantiate those allegations.

Dr. Kituyi: Mr. Temporary Deputy Speaker, what component of substantiation will the hon. Member want me to give, the names, the evidence of transaction or which components?

The Temporary Deputy Speaker (Mr. Wetangula): Order! Surely, hon. Dr. Kituyi, you know what "substantiation" means!

Dr. Kituyi: Mr. Temporary Deputy Speaker, to the best of my knowledge, "substantiation" means very many different things; one could be to name the official, one could be to name where the house is exactly; one is to say, can you prove the transaction?

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Wetangula): Order hon. Members! Tomorrow, hon. Dr. Kituyi, you must start with substantiation of that allegation. Hon. Members, the House stands adjourned until tomorrow, Wednesday, 1st November, 1995 at 9.00 a.m.

The House rose at 6.30 p.m