

NATIONAL ASSEMBLY

OFFICIAL REPORT

Tuesday, 18th June, 2002

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

NOTICES OF MOTIONS

A BILL FOR STATE CORPORATIONS AND PUBLIC ASSETS REFORM AND DIVESTURE

Mr. N. Nyagah: Mr. Speaker, Sir, on behalf of **Prof. Anyang'-Nyong'o**, I beg to give notice of the following Motion:-

THAT, this House do grant leave to introduce a Bill for an Act of Parliament entitled "The State Corporations and Public Assets Reform and Divesture Bill" to create a legal framework that brings about the transfer of ownership in assets, organisations, commercial enterprises, institutions or bodies corporate presently vested wholly or partially in the sovereign state of Kenya.

A BILL FOR CONSTITUENCIES DEVELOPMENT FUND

Eng. Muriuki: Mr. Speaker, Sir, I beg to give notice of the following Motion:-
THAT, this House do grant leave to introduce a Bill for an Act of Parliament entitled "The Constituencies Development Fund Bill" to provide for the implementation of the resolution of the House passed on 29th November, 2002, to the effect that 2.5 per cent of Government revenue be allocated to constituency-based development projects.

COMMUNICATION FROM THE CHAIR

ADJUSTMENT OF QUESTION TIME

Mr. Speaker: Hon. Members, I would like to notify you that we will have to end Question Time ten

minutes earlier, at 3.20 p.m., so that a Procedural Motion can be moved before 3.30 p.m. for the main business. So, please, do understand.

ORAL ANSWERS TO QUESTIONS

Question No.249

DESTRUCTION OF CROPS BY HIPPOPOTAMI

Dr. Oburu asked the Minister of State, Office of the President:-

- (a) whether he is aware that rogue hippopotami along beaches have been destroying crops and killing people without tangible intervention from the Kenya Wildlife Service;
- (b) whether he is further aware that around Wagusu Beach, the rogue beasts have killed two people

and maimed others after overturning their boats in the last three months; and,

(c) what urgent steps he is taking in order to save the people touring and living around the beaches from the dangers posed by the hippos.

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

(a) I am not aware that rogue hippopotami have been destroying crops and killing people. However, all wildlife reported incidents have been attended to.

(b) I am not further aware that rogue beasts have killed two people and maimed several others after overturning their boats in the last three months. As it is, the Kenya Wildlife Service (KWS) continues to offer services to the community in Bondo through problem-animal management activities.

(c) To save people from dangers posed by hippos, the KWS has deployed 22 rangers and coxswain to patrol along the beaches. The KWS also has a station radio and ten back sets, two boats and two vehicles for use by rangers, all meant for the protection of the people along the beaches. The KWS has also opened outposts at Impala Park, Siaya, Ndere Island and Bondo, to hasten the rendering of services to the local people with ease.

Dr. Oburu: Mr. Speaker, Sir, it appears that the Minister is not serious in answering this Question. The problem of hippopotami is so grave that as late as last month, it was discussed by the District Development Committee (DDC), Bondo, as a priority matter. Even when His Excellency the President visited Kisumu sometime back, a person who had been mauled by a hippopotami was displayed naked before him. Could the Minister further investigate and find out the number of people who have actually been killed by hippopotami. Cases of people who have been killed by hippopotami have been reported to the KWS. Whenever such cases are reported, the KWS sends rangers who only scare off the beasts; they never kill them. I really do not know whether the Minister has done the work he should have done in order to bring to the House a proper answer to the Question.

Mr. Sunkuli: Mr. Speaker, Sir, in view of what the hon. Member has said, I would like to be given time to go and look into this matter again, so that I can bring to the House a more thorough answer to the Question.

Mr. Speaker: Very well. The Question is deferred.

(Question deferred)

Question No.288

DISAPPEARANCE OF CONSTABLE LUMBASI

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

(a) whether he is aware that Police Constable Fred Lumbasi Musungu, Force No.61071, disappeared on 10th February, 2000, from his station in Mombasa;

(b) whether he is further aware that attempts by the family to get an explanation from the police as to his whereabouts have proved futile; and,

(c) whether he could state the whereabouts of this officer.

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

(a) Yes, I am aware.

(b) The family has been in touch with the police authorities over this matter.

(c) The whereabouts of the officer remain unknown but efforts to trace him are continuing.

Mr. Shitanda: Mr. Speaker, Sir, this officer disappeared in the year 2000 and the Minister has told us that efforts to trace him are still continuing. This officer disappeared while in the company of other police officers.

So, could the Minister be kind enough to tell us where he has been looking for this police officer and where he is still looking for him?

Mr. Sunkuli: Mr. Speaker, Sir, I find this case a bit perplexing because, from the records I have, Mr. P.C. Lumbasi left the police station to proceed for his annual leave in February, 2000, and he was accompanied by his wife. They boarded a bus from Mombasa and when they reached Mito-Andei his wife alleged that he alighted from the bus and never returned to it. He is alleged to have been later seen in the company of one of his brothers in Kibwezi, but any attempt to trace his whereabouts has been very difficult. The police continue to look for him.

Mr. Mwalulu: Mr. Speaker, Sir, could the Minister tell this House whether this is an isolated case, or whether such cases are common? How many more police officers have disappeared in the course of duty?

Mr. Sunkuli: Mr. Speaker, Sir, the particular police officer, of course, was not in the course of duty. As I have just said, he was proceeding on his annual leave. The hon. Member will have to ask a specific Question on a particular officer, otherwise, there is none whom I know about.

Mr. Shitanda: On a point of order, Mr. Speaker, Sir. Is the Minister in order to mislead the House that this particular officer disappeared while not on duty? I know that even if an officer is on leave, he still remains an employee of the Government and it is the duty of the Government to know his whereabouts. Could the Minister tell us the real whereabouts of this man and what the police force has done to trace him?

Mr. Sunkuli: Mr. Speaker, Sir, it is, in fact, our duty to trace this officer; whether he disappeared while on duty or not. If there is a missing person, we have to make every effort that is humanly possible to try and trace him.

Eng. Muriuki: Mr. Speaker, Sir, I have not received a written answer to my Question and I would wish to have one if there is any.

Question No.290

POVERTY ERADICATION
COMMISSION ACTIVITIES

Eng. Muriuki asked the Minister of State, Office of the President, whether he could table the list of activities undertaken by the Poverty Eradication Commission to date in the whole country and Ol Kalou Constituency in particular.

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

(a) The Poverty Eradication Commission is not undertaking any activities in Ol Kalou Constituency since Nyandarua District is not among the districts and urban centres in the trial programme. This, therefore, means that there is no list to be tabled for Ol Kalou Constituency. In the districts under the trial programme, the Commission is currently funding more than 160 micro-community based activities and projects, the details of which I have attached to this reply and the hon. Member must be having them now. The activities, therefore, cut across all the sectors of the economy.

Eng. Muriuki: Mr. Speaker, Sir, could the Minister tell us the criteria used to identify the areas with poor people so that Ol Kalou Constituency was excluded? Ol Kalou Constituency has poor people also.

Mr. Sunkuli: Mr. Speaker, Sir, Ol Kalou Constituency has poor people, but when we chose the districts concerned, they were not really just poor districts. This is because most districts are actually poor. We had to take a few districts in which to conduct pilot projects because funds are not available to start implementing the projects in the whole country.

Mr. Ndicho: Mr. Speaker, Sir, the Minister has said that Ol Kalou Constituency is not one of the constituencies that have been considered for poverty eradication activities. Thika District is one of the districts that have been considered for the poverty eradication activities. For the last two times that cheques have been released towards these activities, a total of Kshs1.1 million has been released and I have got the photocopies of those cheques.

Could the Minister be having the areas that have benefitted from this Kshs1.1 million as far as Thika District is concerned? We suspect that this money is going into other areas other than into poverty eradication activities.

Mr. Sunkuli: Mr. Speaker, Sir, I do not have the amount of money that has been released, but the areas that have benefitted from this money in Thika District include the following:- Gituamba Water Project. The money was given for the completion of water intake and piping. There is another project called Gakoe Self-Help Water Project and the money was also given for water intake and piping. Money was also given to Juja Farm Water Project for extension of piping and to Juja Youth Polytechnic for the purchase of sewing machines.

Eng. Muriuki: Mr. Speaker, Sir, could the Minister tell us whether the Poverty Eradication Programme is a national programme or is it for some areas? We need to know whether the Government is serious about eradicating poverty or whether it wants people to remain poor so that it can manipulate them.

Mr. Sunkuli: Mr. Speaker, Sir, I wish the hon. Member could stop speaking so much like an oppositionist. But Poverty Eradication Programmes under the Commission were actually a trial to see how direct interventions on poverty can work.

The main Government project for eradicating poverty is, of course, in the Poverty Reduction Strategy Paper (PRSP), for which, as the hon. Member knows, money will be voted by this House. That covers the entire country and the entire Budget. But these were direct interventions which the Government wanted to use in order to see how to tackle poverty in an immediate sense.

Question No.281

PAYMENT OF PENDING BILLS

Mr. Khamasi: Mr. Speaker, Sir, just as you were calling out for the Question, the Orderly brought me a written answer which is very detailed. I have not had the time even to study the answer and prepare for any supplementary question.

Mr. Speaker: Can I defer the Question to Thursday?

Mr. Khamasi: Yes, Mr. Speaker. I would like that.

Mr. Speaker: The Question is deferred to Thursday.

(Question deferred)

Question No.258

SUPPLY OF TEXTBOOKS TO
SCHOOLS IN TONGAREN

Mr. Speaker: Is Dr. Kituyi not here? We will leave his Question until the end. Let us move on.

Question No.195

ELECTRIFICATION OF
SECONDARY SCHOOLS

Mr. Muithia asked the Minister for Energy:-

- (a) whether he is aware that Thika District Development Committee recommended the electrification of Mururia and Icaciri Secondary schools in 1999;
- (b) how much money has been set aside for the two projects; and,
- (c) when the work will commence.

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

(a) The procedure for accessing funding from the Government under the Rural Electrification Programme is for projects which have been prioritised by the various District Development Committees (DDCs) as priority projects. According to the Thika DDC, the rural electrification priority projects for the districts are:- Gatura, Kiria-ini, Ngorongo, Gatanga and many others which are listed in the written answer, and I think the hon. Member has got the list.

Since the Thika DDC has recommended Icaciri Secondary School as a district priority project, it will be given consideration for implementation along with other candidate projects when sufficient financial resources become available.

(b) As indicated in part "a" above, consideration for implementation of Mururia Secondary School Project will be given priority when it gets the requisite ranking by the Thika DDC as a priority project and subject to availability of funds.

(c) The amount of money required will be determined under parts "a" and "b" as mentioned above.

Mr. Muithia: Mr. Speaker, Sir, I would like to correct the Minister with regard to the issue of Mururia Secondary School. I have a copy of the minutes of the Thika DDC meeting which contain Wanugu-Karatu Project which falls within Mururia Secondary School.

These projects have been on the list for far too long. Could the Minister tell us precisely when the Icaciri and Mururia Secondary schools projects will be implemented? They have been ranked as priority projects. So, when will the projects be implemented?

Mr. Okemo: Mr. Speaker, Sir, it is difficult for me to be precise because most of the funding that we have used for rural electrification projects has been external. At the moment, all the projects that are on-going are funded by the Spanish and the French Governments.

We recently held discussions with the Chinese Government and it has indicated that it will be willing to support rural electrification projects. So, any pending projects that have been prioritised by the districts will be considered under the Chinese scheme when that funding is confirmed.

Mr. Ndicho: Mr. Speaker, Sir, the Minister is quite right. Currently, there are no rural electrification programmes done by the Kenya Government. Indeed, all the electrification programmes going on in the rural areas are funded by foreign donors. If that is the position, then what is the point of tiring the District Development Committee members? Why should we spend a lot of time discussing about the Rural Electrification Programme where people are told to pay 10 per cent? When the 10 per cent is paid, the recipients of electricity do not get it with any interest. In view of that, could he consider doing away with the 10 per cent levy paid by electricity consumers? Millions of shillings have been paid to the Kenya Power and Lighting Company for rural electrification. When is he going to consider

refunding those people their money? Since the Rural Electrification Programme is being funded by donors, the 10 per cent levy is not being considered as an element in the whole programme! Could he consider taking that money back to the people who contributed it?

Mr. Okemo: Mr. Speaker, Sir, I would like the hon. Member to understand why we ask for 10 per cent. It is not a deposit towards the cost of the project. It is actually meant to cover the cost of design, survey and preparation of estimates for the implementation of any project. Most times, that 10 per cent covers the full cost of design, research and preparation of drawings that have to be used for implementation. Sometimes, the money is less than what is required and, normally, some projects will have more while others will have slightly less than the 10 per cent. Therefore, this balance is on an overall basis. So, it is really not money to be refunded, but money to cover the cost of design, research, fieldwork and preparation of drawings.

Mr. Muhiha: Mr. Speaker, Sir, last week, I had the benefit of consulting with the Minister on the issue of the schools, and I stumbled on information that, through the STABEX Fund, the Ministry had released money to the KPLC to provide electricity to Kibiru Secondary School; Gitwe and Karatu coffee factories; and Karinga Girls Secondary School which uses a generator. Could he confirm to this House when works on those institutions will be started? The money has already been released to the KPLC!

Mr. Okemo: Mr. Speaker, Sir, I wish to confirm that money is actually being released to the KPLC and we will ensure that implementation is done as soon as possible. I would like the hon. Member to come back, so that we can follow up this matter together with the KPLC.

Question No.060

REHABILITATION OF DAMS IN LAIKIPIA

Mr. Kiunjuri asked the Minister for Water Development:-

- (a) whether he is aware that all water dams in Laikipia District and in particular Laikipia East Constituency are silted; and,
- (b) what urgent measures he is taking to ensure that the dams are rehabilitated.

The Minister for Water Development (Mr. Ng'eny): Mr. Speaker, Sir, I have got a written answer to this Question, but I feel that the answer is not to my satisfaction. I, therefore, request hon. Kiunjuri to give me up to next week.

Mr. Speaker: Kiunjuri, what is your reaction?

Mr. Kiunjuri: Mr. Speaker, Sir, I accede to the request by the hon. Minister but it should be noted that the answer provided by the hon. Minister talks about 2001/2002 Financial Year, which is ending next week. So, I am wondering what answers he will give now that the financial year is ending and money has been allocated for this financial year. That is the money I am trying to question!

Mr. Speaker: Well, let him do his job! What day of the week is convenient to you, Mr. Minister?

The Minister for Water Development (Mr. Ng'eny): Next week, on Tuesday Sir.

Mr. Speaker: Is that okay with you, Mr. Kiunjuri?

Mr. Kiunjuri: That is alright, Mr. Speaker, Sir.

(Question deferred)

Mr. Speaker: Dr. Kituyi's Question for the second time!

Question No.258

SUPPLY OF TEXTBOOKS TO
SCHOOLS IN TONGAREN

Mr. Speaker: Dr. Kituyi still not here? The Question is dropped!

(Question dropped)

QUESTIONS BY PRIVATE NOTICE

Mr. Muchiri: Mr. Speaker, Sir, before I ask my Question, I would like to bring to the attention of the Chair the fact that I do not have a written reply.

ARREST OF MESSRS. KAMAU AND KAGWANJA

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

(a) Why were Messrs. Peter Kamau Wangari and Moses Kagwanja detained at Kiriani, Muranga, Kigiri and Kasarani police stations from 30th March to 23rd April 2002?

(b) Why were they not charged within the stipulated time after their arrest?

(c) When were they charged?

The Minister of State, Office of the President (Mr. Sunkuli): Mr. Speaker, Sir, the Question is not appearing for the first time. It had come up before and we supplied the answer to the hon. Member.

However, I beg to reply.

(a) Messrs. Kamau Wangari and Moses Kagwanja were detained for questioning at Kiriani, Muranga and Kasarani police stations over a murder incident that took place on the night of 3rd and 4th March, 2002 within Kariobangi South, Nairobi. They were not detained at Gigiri Police Station.

(b) The two were not charged as it was established, after investigations, that there was no *prima facie* evidence to answer a charge of murder. Therefore, the issue in (c) does not arise.

Mr. Muchiri: Mr. Speaker, Sir, those people were detained for one month in the police station which is contrary to the Constitution of the Republic of Kenya. Secondly, they were arrested when the police did not have any evidence. Could the Minister table any statements made against those people, that they were involved in the murder being referred to by the Minister? This is a pure case of harassment by the police!

Mr. Sunkuli: Mr. Speaker, Sir, the two suspects were taken to Kiriani Police Station by a matatu driver. When the matatu driver looked at those people, they appeared like people who were going to hijack his matatu. He took those people to the police station and when the police looked at their records, they were the same people who were suspected in a murder case. The report number of that murder case is No.121/175/2000. They were then handed over to the Criminal Investigation Department Officers in Murang'a on 4th April, 2002 and were handed over to Kasarani Police Station for investigation. A murder case is not a simple thing and murder suspects can be detained when the police officers are trying to carry out thorough investigations. We later found out that, as much as they were suspects, there was no evidence to enable us to take them before a judge.

Mr. Kariuki: If it is true that those people were detained for one month, and the Constitution only allows for one to be arrested and detained for 14 days, could the Minister consider compensating those people for wrongful arrest and wrongful detention?

Mr. Sunkuli: Indeed, they were released under a section which will enable the police to rearrest them in case we find more evidence. So, I will consider having investigations intensified so that if there is need to rearrest them, we could do so.

Mr. Mwenje: Mr. Speaker, Sir, it has become usual for the police to arrest people and keep them in cells for longer periods than necessary and, until you come to the police station with Kshs1,000, you will not be released. I am sure the Minister must be aware of this behaviour in the police force. Could he tell us what is happening because this practice is very common in Buru Buru and Dandora Police Stations and it has become very common in many police stations? Could the Minister tell this House what he will do about this practice and when he will stop this business which is happening in almost every police station?

Mr. Sunkuli: Mr. Speaker, Sir, I would like to ask the hon. Member to substantiate his allegations.

Mr. Muchiri: Mr. Speaker, Sir, what hon. Mwenje is saying is true; that the police officers in Nairobi are arresting young people!

An hon. Member: This practice is happening all over the country!

Mr. Muchiri: I am told that it is happening even in the whole country, but I am particularly annoyed by the harassment of people by the police officers in Nairobi. Young people are being arrested and detained in police stations and are only released when money changes hands with the police.

I have personally written a letter to the Minister complaining about the same and it is now more than two months, yet the Minister has not done anything! Could the Minister inform this House, if he is not prepared to resign, what action he will take because he knows that this is a corrupt Government?

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member knows that if there is anybody who does not like young people being arrested, it is me. I think the hon. Member is making a wild allegation which he himself knows is not true.

Mr. N. Nyagah: Mr. Speaker, Sir, I would wish the Minister takes seriously what we are asking. This is a very common practice among the police officers within Nairobi. Could the Minister take an appropriate action by removing the OCS, Pangani Police Station, who has been harassing the people of Kamukunji Constituency,

particularly within Eastleigh Estate, because he has a direct relationship with the PPO Nairobi?

Mr. Sunkuli: Mr. Speaker, Sir, the hon. Member should also take seriously the matter and give me cause why I should remove the OCS from Pangani Police Station. If he can substantiate his claims, I will then remove the OCS from Pangani Police Station.

Mr. Mwenje: On a point of order, Mr. Speaker, Sir. The Minister is completely out of order! How can he ask for the cause for removing that OCS, Pangani Police Station, when we have been already telling him that the reason is because he has been collecting money from the people and those arrested cannot be released unless they give Kshs1,000 or more! It has become a business and the PPO is part and parcel of that business and now the Minister is asking for the cause! What other cause does he want?

Mr. Sunkuli: Mr. Speaker, Sir, I do not know why the hon. Member is shouting at me. I am just telling him that, as long as he does not bring evidence, that is a rumour!

(Several hon. Members stood up in their places)

Mr. Speaker: Order! Order, hon. Members! Could we now have the last point of order on this matter!

Mr. N. Nyagah, this must be done in a civil manner!

Mr. N. Nyagah: On a point of order, Mr. Speaker, Sir. My point of order is to the effect that the Minister in charge of internal security did promise, about two-and-half months ago in this House, and this can be witnessed by the HANSARD; that he was going to do some investigation as to what is happening within Pangani Police Station and he was to make a report to this House. So, is he in order to ask me to give any more evidence when he should be telling us what evidence he has gathered?

Mr. Sunkuli: Mr. Speaker, Sir, indeed, I did undertake to, particularly, look at matters at Pangani Police Station. None of these hon. Members nor any informer has come to me! I have utilized all the other possible methods of investigation and, I found that until and unless the hon. Member shows me what the OCS Pangani Police Station has done, in concrete terms, it is difficult to implicate the OCS. He is also a citizen of this country and he cannot just be accused by the hon. Member for some reason or the other. I must have good reasons to remove him from that police station!

Mr. Speaker: Let us have the last point of order from Mr. Kiunjuri!

Mr. Kiunjuri: On a point of order, Mr. Speaker, Sir. Is the Minister in order to continue calling for evidence, whereas, if he left this House and went to Tea Room, near Barclays Bank Branch, he will find that, there is a *Kangaroo* court and the famous *Mungiki*? It is now known as the famous *Mungiki* alongside the River Road Street. The public is being harassed there and hawkers and everybody is being harassed and if you do not have the money, as hon. Mwenje is saying, you are charged. Is the Minister in order to continue calling for evidence?

Mr. Sunkuli: Mr. Speaker, Sir, I doubt if the hon. Member has been anywhere east of Tom Mboya Street of late.

Mr. Speaker: Next Question!

ARREST OF KQ STAFF FOR DRUG POSSESSION

Mrs. Ngilu: Mr. Speaker, Sir, I beg to ask the Minister for Transport and Communications the following Question by Private Notice.

(a) Is the Minister aware that some crew and members of staff of Kenya Airways have been arrested and others sacked on the basis of allegations of possession of drugs?

(b) Could he explain the circumstances and manner in which the officers were arrested and sacked?

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that some members of staff of the Kenya Airways have been arrested and others have been sacked on the basis of offences related to drug trafficking.

(b) The circumstances and manner in which the officers were arrested and sacked are as follows:-

Firstly, there are four Kenya Airways staff who were arrested in connection with offences related to drug trafficking. The first case was in July 2000 at Heathrow Airport. The officer was suspended and later dismissed and, she is now serving a jail term in London. The second case was in October 2000, where a Kenya Airways member of staff was arrested in her Nairobi residence. She successfully defended herself in court and was later reinstated. The third case occurred in Mumbai, India, in January 2002. The member of staff concerned was dismissed and is still in custody in India. The fourth case occurred in March, 2002, and the lady involved in that case was suspended and she is in police custody, pending court proceedings.

Equally, there were 32 employees of Kenya Airways dismissed in April, 2002, allegedly in connection with illegal trafficking of narcotics. A large number of these members of staff have gone to civil courts in connection with their termination of service and, particularly, alleging that they were defamed in the process of dismissal. As the matter is in court, it would be *sub judice* to discuss any further details of the case. In any case, the matter is also with the police.

Mrs. Ngilu: Mr. Speaker, Sir, the Minister has talked about four members of staff of the Kenya Airways who have already been taken to court. But there are 28 members of staff who have taken the Kenya Airways to court because of defamation of their names. I would like to ask the Minister to tell this House what criteria they used to decide on who they suspected to be a drug trafficker. This is because they were picked and nobody knew how this was done. We know some of these cases are as a result of *fitina* and their positions have been taken up by relatives of the senior management staff of the Kenya Airways. Could the matter be investigated by the relevant Committee of Parliament instead of the same Kenya Airways investigating the cases?

There is also another matter that is related to this. When people are now travelling to a place like London--- I became a victim of such harassment. We were told, "all those who are coming from Africa and, especially from Kenya, line up in one line, we suspect you are carrying drugs" and something like that. Could the Minister tell us how they are picking these people because we are also victims?

Mr. Mudavadi: Mr. Speaker, Sir, I did indicate that, apart from the four who have already been charged and, perhaps, are serving sentences in different countries, I indicated that there were 32 other employees who were dismissed, and they have lodged cases to try and seek redress because they believe they were defamed. However, I just want to emphasize that they were dismissed based on the internal investigations that were taking place within Kenya Airways, particularly after the first four had been identified and, indeed, proven guilty. Therefore, the Kenya Airways realized that if they did not take stern actions in trying to curb the issue of drug trafficking by members of staff, they were going to severely damage the reputation of the Kenya Airways; and by extension, damage the reputation of Kenyan passengers who will be going to different destinations. The consequence of this is part of what Mrs. Ngilu has just said that we have to take any issues that are related to drug trafficking very seriously so that the reputation of this country is not destroyed.

Mr. Kamolleh: Thank you, Mr. Speaker, Sir. I am appalled by the manner in which the Minister is answering this Question although he is my great friend. The Kenya Airways management should actually have carried out some investigations before they alleged that the 28 employees who were sacked were involved in drug trafficking. If they carried out some investigations, where is the evidence?

Could the Minister table the investigations the Kenya Airways carried out to show that those employees were involved in drug trafficking before they were sacked?

Mr. Speaker: Order! This matter is in court! Do you want to take away the power of the court? In any case, do I really understand that this House is not in the least worried of the Kenya Airways having that bad name of drug trafficking?

Mr. Muihia: Mr. Speaker, Sir, this is one case of extreme violation of human rights. Most of the staff of the Kenya Airways who were dismissed had served this company for more than 25 years. This is the case, and yet there was no investigation carried out on each individual staff. They could have been sent on leave. Could the Minister tell us whether the Kenya Airways used the police unit or the special investigation unit or whichever unit to arrive at the decision that these employees should be sacked? Why were these employees not allowed to continue working while their cases were being investigated?

Mr. Mudavadi: Mr. Speaker, Sir, I am constrained to comment in detail on this matter by virtue of the fact that a number of these employees are now before the court seeking redress on the matter. I would like to emphasize that the Kenya Airways has an internal security department. This department conducted systematic investigation. This matter was investigated by the Kenya Airways in collaboration with the police. The employees also exercised their rights to quickly take the matter before the civil court. Each individual case will now have to be tackled individually because they have filed those cases on an individual basis.

Mr. Muihia: On a point of order, Mr. Speaker, Sir. Is the Minister in order to mislead this House by saying that investigations were carried out when the staff who were sacked received their letters of intent in the morning and were sacked in the following day? Is he in order to mislead this House?

Mr. Speaker: Order! This matter, as I understand, is in court. If it is true that those particular employees of the Kenya Airways do have a case and have chosen to go to court, let the court make a decision! That is it! Do not get into the merits! If it is the larger question of drug trafficking within the Kenya Airways, ask that, but if it is on individual cases pending in court, you cannot have it both ways; have it in Parliament and in court!

Mr. Anyona: Mr. Speaker, Sir, I thought that offences under this particular law are bailable, and yet the

Minister has said that some of these people are in custody. What would be the reason for that?

Mr. Mudavadi: Mr. Speaker, Sir, when I talked about those people who are in custody, I made specific reference to the first four employees; the ones who had been charged either in the United Kingdom or India. I said that there was only one lady who was suspended and she is in police custody. That is what I said. All the 32 employees I have talked about filed their cases and they are not in custody.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. That makes it even worse. How can people be in police custody for ages?

Mr. Speaker: Order! Order! Mr. Anyona, I do not think "custody" means "police custody". It also means remand!

Mrs. Ngilu: Thank you, Mr. Speaker, Sir. The Minister did not tell us the actual number of employees who have gone to court. How many of these sacked employees have gone to court? Have all the 28 employees who were dismissed gone to court? Could we have this matter before the relevant Departmental Committee of this House to carry out proper investigations?

Mr. Mudavadi: Mr. Speaker, Sir, first of all, I do not think that the relevant Departmental Committee would like to take up the matter when it is still pending before court. But the names of those employees who have taken the matter to court are here with me, and rather than read the whole list, I would like to table it.

(Mr. Mudavadi laid the document on the Table)

Mr. Speaker: In the interest of the House, and that of the country, there is a question that all these hon. Members do not seem to ask the Minister. To salvage the name of Kenya Airways from association with drug trafficking, what action, apart from interdiction, has the Kenya Airways and the police taken to ensure that those 28 employees, if they are drug traffickers do face the music?

Mr. Mudavadi: Mr. Speaker, Sir, the very reason why some firm action has been taken is because this vice was becoming rampant. The message that the Government and, indeed, Kenya Airways, would like to send out is that we should not have our soil or any of our institutions, whether in the private or public sector involved in drug trafficking. This is the reason why the message should be very clear that the Kenya Airways and the Police Anti-Narcotics Unit are working in collaboration to ensure that we stamp out any drug trafficking.

Mr. Ndicho: On a point of order, Mr. Speaker, Sir. In view of the fact that you have helped Members to ask the Minister that question, is he in order to tell us how to treat the symptoms? This is because the 28 employees who were dismissed are "symptoms". The cause of that are drug barons who are senior people and they are untouchable. The Minister is not talking about them. That is where the problem lies. Even if he goes for the 28 or four employees, he will not solve that problem. The Minister will not make the name of Kenya Airways any better if he will not address the cause of this problem. The small person in the airline---

Mr. Speaker: What is the problem with you?

Mr. Ndicho: Mr. Speaker, Sir, the problem with me is, could the Minister deal with the real drug barons, who are senior people and multi-billionaires who are behind this racket, instead of the 28 employees who were sacked?

Hon. Members: Who are they?

Mr. Ndicho: Mr. Speaker, Sir, I do not know who they are. The Government has a machinery to know who these people are. The 28 employees who were dismissed are just---

Mr. Speaker: Order, now! Mr. Ndicho, you see you have made your case even worse. Your colleagues want to know from you who these people are, and you are not telling them!

Mr. Ndicho: Mr. Speaker, Sir, this is a Government with the strongest machinery in this world. Mr. Ndicho is a very small man. I do not know who even stole my radio the other day.

(Laughter)

The Government should know who these people are.

Mr. Speaker: Mr. Minister, do you have any response?

Mr. Mudavadi: Mr. Speaker, Sir, I believe in the course of the interrogations and investigations, and in the statements that they write, members of staff will have the decency to disclose who their collaborators are, because that is the only way we can come to a lasting solution.

Mrs. Ngilu: Mr. Speaker, Sir, it is a well known fact in this country that if somebody in authority does not like you, he will make sure that you are fixed. This case of staff of the Kenya Airways is a good example of instances where innocent Kenyans are interdicted and taken to court on suspicious charges. Could the Minister assure this

House that if he looks at that list and finds that some of these officers were wrongly interdicted, he will reinstate them?

Mr. Mudavadi: Mr. Speaker, Sir, the cases listed on this paper that I have laid on the Table are those that have been filed by the employees themselves. This was done before the Kenya Airways could go beyond the initial stage. But I have also indicated here that in one instance where there was an accusation against a particular individual, she successfully argued her case in court and she was reinstated. So, each case will be treated according to its merit.

Mr. Speaker: Next Question, Mr. Mwakiringo. I will give you only three minutes unless you want me to defer it.

REPAIR OF MOI HOSPITAL MORTUARY EQUIPMENT

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

(a) Is the Minister aware that the coolers at Moi Hospital Mortuary at Voi are faulty and that dead bodies have to be transferred to Wesu Hospital in Wundanyi, 28 kilometres?

(b) What action is the Ministry taking to ensure that the mortuary equipment is in working condition?

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

(a) I am aware that the coolers at Moi Hospital Mortuary at Voi are faulty. I am also aware that the dead bodies at the hospital have to be transferred to Wesu Hospital Mortuary for preservation.

(b) The Ministry is in the process of repairing the faulty parts on the cooler machines to ensure that the equipment is in working condition.

Mr. Mwakiringo: Mr. Speaker, Sir, this is not an issue which has arisen this year alone. It is a problem which has been in existence for the last three years. The promise I have been getting from the provincial medical officers and even from the Permanent Secretary, Ministry of Health, is that the mortuary equipment will be repaired. I came from there yesterday and no work is going on. The mortuary is not working and bodies are still being transported to Wundanyi. In some instances, like December last year, I had to break off from my Christmas holiday to transport a body to Mombasa for postmortem because it could not be preserved in the Moi Hospital Mortuary. What action will the Ministry take to ensure that the equipment is in working condition?

Dr. Wako: Mr. Speaker, Sir, as I said, it is true that we are transporting dead bodies to Wesu Hospital and other hospitals for preservation because of the unavailability of spareparts. But as I speak, the spareparts have been procured and delivered to the hospital. In fact, one of the coolers has already been repaired and it is in working condition. The other cooler will be ready by the end of the week.

Mr. Mwakiringo: Mr. Speaker, Sir, this mortuary was constructed by a certain contractor who did not do a good job. What plans has the Government got towards the expansion of the hospital mortuary?

Dr. Wako: Mr. Speaker, Sir, it is true that this a very busy mortuary because of its proximity to the highway. The Ministry is already undertaking the expansion through DANIDA; from the current 12 to 18 capacity.

Mr. Mbela: Mr. Speaker, Sir, the repair of this mortuary has taken the better part of three years. Voi Hospital is very busy since it caters for the accident victims along Mombasa Road. Could the Assistant Minister assure us that the mortuary equipment will be in working condition before the end of this month?

Dr. Wako: Mr. Speaker, Sir, I assure the House that the mortuary equipment will be in good working condition before the end of the month.

Secondly, the expansion work will start before the end of the year.

Mr. Speaker: Very well.

Next Order!

PROCEDURAL MOTION

LIMITATION OF DEBATE ON ANNUAL ESTIMATES

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, I beg to move:- THAT, the following limitations shall be applied to the business of the Annual Estimates:-

(i) Each speech in the debate on the financial statement on the annual estimates shall be limited to ten minutes, excluding the Mover's speech and reply, which shall not be limited; and the Official Leader of the Opposition or designated official spokesman who shall be limited to 30 minutes.

(ii) On the Motion, "That, Mr. Speaker do now leave the Chair" to enable Ministers to initiate debate on policy, the Mover be limited to a total of one hour; half an hour for moving and half an hour for replying to the debate; 30 minutes for the Leader of the Official Opposition or designated official spokesman; and that each other Member speaking be limited to ten minutes, provided that one hour

before the Question of the Vote is put, the House shall go into Committee and the Chairman shall put every question necessary to dispose of the Vote.

(iii) Each speech in the Committee of Ways and Means and Committee of Supply shall be limited to the ten minutes.

Mr. Speaker, Sir, I move this Procedural Motion in a most ritualistic manner. Indeed, hon. Members will note that the first part of the Motion does apply to the debate on the Financial Statement which was the speech presented by the Minister for Finance.

In this particular one, already the House has decided that it will take only Seven Days to enable hon. Members to make their contributions to this very important Motion. Therefore, it has been decided that every hon. Member takes ten minutes to actually make his contribution. But the Leader of the Official Opposition shall have 30 minutes.

Again, the second part of the Motion applies to the debate on the Votes of the various Ministries. The Minister will have 30 minutes to move and reply. Again, the Leader of the Official Opposition will have 30 minutes, while other hon. Members will have ten minutes to contribute.

Mr. Speaker, Sir, I do beg to move.

The Minister for Transport and Communications (Mr. Mudavadi): Mr. Speaker, Sir, I beg to second this Motion. The Procedural Motion is nothing new. It is a standard procedure that we have adopted in the past.

I beg to second.

(Question proposed)

Mr. Michuki: Mr. Speaker, Sir, whereas it would seem that there is nothing wrong with this Motion, it must be remembered that the Minister for Finance took two hours to read the Budget non-stop, other than during the short time when he took two glasses of water. Therefore, it seems to me that the Leader of Government Business ought to have proposed that at least hon. Members contribute for 20 minutes instead of ten minutes. Although looking at the whole of the Motion, at least one will have the opportunity to have 30 un-interrupted minutes to discuss the Financial Statement during the debate on the Motion, "That Mr. Speaker, do now Leave the Chair" and during the Committee of Ways and Means. But I think ten minutes is a little short time to discuss a Budget which is full of details and proposals. I wish the Leader of Government Business could amend his Motion to that effect.

(Question put and agreed to)

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

(The Minister for Finance on 13.6.2002)

(Resumption of Debate interrupted on 13.6.2002)

(First Day of Budget Debate)

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, I was on the Floor seconding the Motion, and I thought somebody would take the Floor. I am quite happy at this stage---

Mr. Speaker: Order! Could I put the position right. The Motion was moved, formally seconded and the Question proposed by the Chair. So, it is now open debate. If you wish to speak now, you can.

The Vice-President and Minister for Home Affairs (Prof. Saitoti): Mr. Speaker, Sir, I had allowed Mr. Mwiraria to speak.

Mr. Speaker: Very well! Then you still reserve your right to speak.
Proceed, Mr. Mwiraria!

Mr. Mwiraria: Mr. Speaker, Sir, I must confess that this has been the most disappointing Budget that I have listened to during the last ten years. The reason for this is that, it paints a very dark picture of our economy and it tells

all Kenyans that for the next two years, they are going to be sharing poverty.

Mr. Speaker, Sir, from 1997, this country's economic growth rate has been lower than its population growth rate. Which means that, we have been becoming poorer and poorer. The Minister told us that, for the next two years, we are still going to be growing at a rate lower than the economic growth rate. Which means, this year and next year, Kenyans will be getting poorer and poorer. Unfortunately, the Minister blames wrong things for the poor performance of our economy. If I take 2001, as an example, the Minister says that the poor economic growth was due to severe economic conditions and the downturn in the world economy, leading to declining prices of agricultural commodities such as tea and coffee.

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

Mr. Temporary Deputy Speaker, Sir, we are living in the same world with our neighbours, Uganda and Tanzania, who suffer the same drought, are subject to the downturn in the world economy and they grow coffee and tea, and yet their economies grew at a rate of 5.6 per cent last year. What then should the Minister have told us? The Minister should have admitted that the poor economic performance of the Kenyan economy was due to poor economic and political governance which led to capital outflows, reduction in foreign and local investments and high interest rates resulting in very high domestic borrowing which has made interest rates sky-rocket and made it impossible for Kenyans to borrow from the banking system. Strained relations with the IMF and the World Bank have led to the suspension of disbursement of donor funds all round. Insecurity which, is being experienced throughout the country, has undermined investor confidence and driven away tourists. We have also witnessed poor management of public expenditure and official corruption.

Mr. Temporary Deputy Speaker, Sir, Kenya is getting known for its official corruption in Africa. If I may quote, or at least mention a recent experience at a meeting of the New Partnership for African Development (NEPAD) which was held in South Africa, we are told that His Excellency the President and his entire team had to cut short their visit to that meeting. They did not actually participate in it when they discovered that the other African countries were not going to allow them to sign the document as founder members because of official corruption.

Mr. Mugalla: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the statement being made by the hon. Member that, the Kenya delegation boycotted the NEPAD meeting hearsay or a fact? If it is a fact, could he lay the facts before this House?

Mr. Mwiraria: Mr. Temporary Deputy Speaker, Sir, I do not want to argue with the recently defeated Central Organisation of Trade Unions (COTU) Secretary-General--- Former COTU Secretary-General!

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Mugalla! Why do you not let Mr. Mwiraria say what he wants to say?

Mr. Mugalla: On a point of order, Mr. Temporary Deputy Speaker, Sir. I am not COTU!

Mr. Mwiraria: Mr. Temporary Deputy Speaker, Sir, I said: "The recently defeated COTU Secretary-General." I do not know why anybody would want me to substantiate the obvious. His Excellency the President and his entourage came back several days earlier, before the meeting was concluded. If these people want the facts, I will, perhaps, look for the minutes and show that they were not present.

Mr. Temporary Deputy Speaker, Sir, the second reason why the Budget Speech disappointed me is that, in many places, it is a repeat word-for-word, of what Mr. Okemo told us last year. Looking through the Speech, there are, at least, 11 paragraphs quoted word for word. Why was it necessary to quote those paragraphs? It is because the promises which Mr. Okemo made last year have not been fulfilled. Now, what is making things worse is that we are being told that things that were supposed to be done last year, and which were not done, are going to be done this year. What makes us believe that?

Let me just pick one example. On page 13 of the Budget Speech, it reads:-

"Mr. Speaker, Sir, it is expected that the Commission of Inquiry appointed to examine the land laws system will complete its work during the next financial year. Once this is done, the Government will strive to implement its recommendations."

That quotation came from Mr. Okemo's Speech last year and it was repeated this year. What happened? The Commission should have completed its work during the year ending June this year. So, what happened?

Mr. Temporary Deputy Speaker, Sir, there is paragraph after paragraph repeated everywhere. There is another one on page 14 where we were promised something on health. I will quote from the centre because I do not want to read the whole paragraph. It reads and I quote:

"---To facilitate access to healthcare services, the Government will continue to waive fees for the treatment of

certain categories of people and diseases, and improve the enforcement of the waiver system. The maintenance of health equipment and facilities will also be improved."

That was also said last year.

Mr. Temporary Deputy Speaker, Sir, I live in North Imenti and look after the people of that constituency, in which Meru Hospital is located. I am not aware that any people have had any fees waived at all, during the last financial year. I doubt whether they will be waived this financial year. So, I could go on and quote 14 other items which are being repeated from last year.

Mr. Temporary Deputy Speaker, Sir, the Minister promised this year, as his predecessor did last year, to table the Privatisation Bill. He said that he will be tabling the Bill shortly, as it was said last year. The question is: We have almost completed privatisation. What do we need a privatisation Bill at the eleventh hour for? Is it just a gimmick that the Minister wanted to give to the House to keep us happy?

The third reason why the Budget disappointed me is that it has many half-hearted measures. The very high interest rates which persist have been mentioned. We know that banks in this country continue making obscene profits. Barclays Bank of Kenya made over Kshs7 billion profit last year. That money comes mainly from our Government. As Parliament, we passed the "Donde Bill" which wants to cut the interest rates in this country. Why has the Minister been completely silent on what he intends to do with the "Donde Bill"? In Mombasa, I think we told the Government in no uncertain terms that we want the "Donde Bill" implemented, unless and until they are able to find an alternative way of lowering interest rates to make affordable credit available to the Kenyan people. At the moment, banks are withholding credit to Kenyans and charging very punitive penalties and rates of interest, purely because they are uncertain of what will happen to the "Donde Bill". We need a position by the Minister about the Government's view on the "Donde Bill".

Mr. Temporary Deputy Speaker, Sir, the Minister's Budget Speech clearly indicates that Kshs37 billion of domestic debts will be rolled over from this year to the next financial year, and an additional Kshs31 billion will be borrowed during the coming financial year. As a result, the nation of Kenya is going to pay interest on domestic debt amounting to over Kshs30 billion. The staggering figure of over Kshs30 billion is more than both the external debt redemption, (the repayment of the external debt) which will be Kshs21 billion and the external debt interest, which will be Kshs8 billion. So, domestic borrowing has become the sink hole into which the Minister for Finance and his staff are sinking the taxes paid by the Kenyan taxpayers. The question I want to put to the Minister is this: Why does he not think of a way through which he can get out of this vicious circle of increasing domestic debts? For a Government not known for its respect for the rule of law and which has been flouting the Constitution left, right and center and particularly drawing funds from the Consolidated Fund without the authority of the Controller and Auditor-General, I would have expected the Minister to be clever enough to find a way of getting out of this vicious cycle.

Mr. Temporary Deputy Speaker, Sir, my fourth reason for finding the Budget rather unpleasant is the fact that it has hit hard at the poorest people. For the first time since I came to this House, the Minister has tried to sugar-coat his bitter pill by informing us what he will finance with the package that he is going to impose so that Members of the House can perhaps pity him. This is particularly the case with regard to the tax he imposed on kerosene at the rate of Kshs1 per litre. Kerosene, to the majority of Kenyans, is the only source of lighting even in towns and it is the only source of energy for cooking. For the Minister to come here and tell the House that he has imposed this tax to raise Kshs600 million to use for water harvesting in the arid and semi-arid areas where the poor people also live and who buy kerosene, is really the height of ludicrousness.

The second item is the tax on second hand clothes which has been increased by 66 per cent and which will no doubt hurt the poor. The Minister argued that he is imposing this tax to protect the local cotton manufacturing industry, but in the whole of his Budget Speech he made no mention of the fact that what is actually hurting our manufacturers most is the illegal importation of cheap clothing from countries which are dumping their goods in Kenya. It would have been better for the Minister to ban the dumping of cheap new clothing from some of the Asian countries into the country before raising taxes on *mitumba* which has become the only source of dressing for the Kenyans.

Mr. Temporary Deputy Speaker, Sir, the Minister also imposed a 5 per cent excise tax on value of air time usage of mobile telephones. To once again sugar-coat this measure, the Minister told us that Kshs300 million will go to form the Micro-Finance Institutions Revolving Fund; Kshs200 million will go to rural electrification and Kshs300 million will go to HIV/AIDS Control Programme. Since only one of these items is reflected in the Budget, which is the Micro-Finance Institutions Revolving Fund, we hope that these others are not pious hopes that the Minister is giving us so that we can approve the Budget for him.

Mr. Temporary Deputy Speaker, Sir, the Budget has a mix of some good aspects and bad aspects. Some of these indicate that, perhaps, the people who were preparing the Budget were too busy doing other things than examining their proposals carefully. I very much appreciate the zero-rating of import duty on raw materials for manufacturing purposes which are rated between 3 and 5 per cent. This will certainly assist industrialisation. However,

hand in hand with that reduction, the Minister proposes to remove altogether the duty and VAT remission scheme under the Export Promotion Programmes Office (EPPO) and the Essential Goods Support Programme (EGSP). What this means, in effect, is that the Minister has chosen to assist a few manufacturing industries. What he has not done is that he has not taken into account companies which deal with intermediate inputs for which there are no Kenyan equivalents or where they do exist, they are so poor that they are not acceptable to the countries where we export our products.

Mr Temporary Deputy Speaker, Sir, let me mention the paper, for instance, which is used for printing and converting into packaging materials and which is made locally in Kenya. There are certain packaging materials demanded by the European Union (EU) which cannot be made with the paper available locally. I think it would be a good idea for the Minister to continue giving this duty VAT remission on EPPO and EGSP for those industries.

I am very concerned about floriculture and horticulture which are going to suffer if they cannot export the goods in the acceptable packaging materials. There are other companies such as the Metal Box Company and Cirio Del Monte which are both located in Thika. Cirio Del Monte requires cans made by the Metal Box Company for packaging their products to the world markets.

Mr. Temporary Deputy Speaker, Sir, since duties on these materials are taxed at 15 to 35 per cent, unless they get duty and VAT remissions, they will be unable to export their goods. My humble submission is that the Minister should have a fresh look at these proposals so that heretains duty and VAT remission scheme under the EPPO and EGSP programme.

Mr. Temporary Deputy Speaker, Sir, in Kenya, we have been fortunate during the last few years to get medical insurance and health care companies, one of which insures hon. Members of this House. The Minister is proposing that these health care organisations should be brought under the umbrella of insurance companies. There is a world of difference between insurance companies and companies offering medical insurance and health care financing. We do have the National Hospital Insurance Fund (NHIF), which belongs to the same class for which regulations should be developed.

The Temporary Deputy Speaker (Mr. Musila): Your time is up!

Mr. Michuki: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to make my observations on the Budget Speech. I do realise, as I said before, I will have 30 minutes at various stages of this debate. But for the moment, I want to concentrate on what appears in the first part of the Motion moved by the Leader of Government Business this afternoon, which is the Financial Statement. We shall deal with policies when the Ministers come to raise them, and we shall deal with other matters of taxation when the Motion is placed before the Committee of Ways and Means.

Mr. Temporary Deputy Speaker, Sir, I have tried to understand exactly what the Minister for Finance was trying to do in this Budget. I think I have come to the conclusion that he has joined that train; the movement towards rituals and sacrifices. He is doing these things because they have been done that way before. If you look at the outturn for the year that is ending, you will find that the Minister had forecast that he would end the year with a surplus of Kshs3.7 billion. But the projection for this year in the Financial Statement just issued shows that the surplus is slightly over Kshs4.4 billion. Indeed, one wonders why he ever bothered this House with the Supplementary Estimates which he brought here for Kshs5 billion if he was going to end up with a surplus as big as this. But is this a surplus or a myth or is it just an arrangement of figures? Indeed, if you look at the Financial Statement itself, both for the current financial year and the year that we are just about to start, you will find that the figures are too similar to be a coincidence. I believe that the Minister has not been truthful to this House. For example, if you look at his closing balances, for the year 2001/2002, he is projecting Kshs5.429 billion which is exactly the same figure that he intends to have at the close of the year that we have not yet started. If you look, again, at the projected deficit at the end of the two years; if you look at the Financial Statement that he has just issued with the Budget Speech, you will notice that the figures, again, here are exactly the same, except for a small difference; Kshs69.484 billion is the closing figure for this financial year and the subsequent year will close with Kshs69.429 billion. You can see that the exercise is more arithmetic than factual.

Mr. Temporary Deputy Speaker, Sir, the increase in revenue is projected to be Kshs12 billion or roughly 6.6 per cent of the amount that is expected to be raised this year of Kshs182 billion. This is not the kind of investment that will produce what we are now being made to believe will be the growth rate within the economy.

I would like to request hon. Members to, first of all, study the Financial Statement because it contains all that the Minister is trying to do or the impression or picture he is trying to create. He talks about having created a deficit of over Kshs30 billion last year, and then he had another figure of more or less similar amount which he was going to roll over. Whereas the Minister is talking about the debt representing 62 per cent of GDP, it is actually 71.5 per cent of the GDP of Kshs851 billion. So, this deficit, according to the Minister's projected figures is, again, going to be 75.33 per cent after we have implemented the Budget he has just read because he is going to increase the borrowing. Some of

the statements which we shall revisit when the policy issues are discussed during the second stage of this debate are, for example, where the Minister is admitting that borrowing by the private sector was reduced by 6.6 per cent whereas that of the Government increased by 20 per cent. This is an indication of the way in which we are moving. It is an indication of a Government which cannot make up its own mind that it simply cannot continue to spend the kind of money it is proposing to spend because the money is not there. So, the deficit is escalating every year. If you look at the total debt, both overseas and local, during the next financial year, it will be Kshs641.7 billion or as I said earlier on, 5.33 per cent of GDP. This is a very dangerous trend. I would have expected the Minister to rather control the deficit and reduce expenditure in order to come closer to the figure of revenue that is dwindling every year. If you look at the projections by the Central Bank and also the economic survey you will see that we are moving in a very dangerous direction in terms of what we have and what we do not have, which means what we are borrowing.

Mr. Temporary Deputy Speaker, Sir, I would also like to make a few observations at this early stage. Although I know I will have the opportunity to re-visit this matter, I want to look at page 24 of the Minister's Budget Speech where he talked about the fiscal strategy for the year. He stated that the development provisions will grow by 9.9 per cent due to the fact that he will be able to transfer funds from recurrent revenue into development. I do not know who actually got that idea into the Minister's head because this is impossible for him to do. Indeed, if you look at the figures in the Financial Statement you will notice that there has been no increase in development provisions. Therefore, this Financial Statement is incorrect, false and misleading. I am sorry that my time is up because I would have liked to speak more.

Thank you, Mr. Temporary Deputy Speaker, Sir.

The Temporary Deputy Speaker (Mr. Musila): Do we have another hon. Member wishing to contribute?
Capt. Ntwiga!

Capt. Ntwiga: Thank you for giving me this opportunity. I will be very brief. Let me start first of all by congratulating the Minister for Finance for not including the expected donor funds in this year's financial estimates. The wealth of this country lies with us and that is why I am very happy that the Minister did not include that expected funding from the donor countries. I am also worried because there has been a lot of politicking at the expense of economic development which has taken place in this country especially over the last ten years. As you can see, the Opposition side of the House is almost empty and these economic problems have been brought about by them. You will realise that right now they are not in the House to criticise or comment on this Financial Statement so that the Government can take corrective measures. You can see how empty their side is compared to the Government side.

Politics in this country has taken the greater part of the wealth of this country. I wish that leaders in this country could concentrate on the economic rehabilitation of this country so that poverty reduction can be a reality. I am talking of poverty eradication as a means of creating wealth in this country. On page 16, the Minister for Finance talks about the Rural Electrification Programme, and I quote:

"The Government will expand the Rural Electrification Programme and increase private sector participation in power generation, transmission and distribution. Emphasis will be put on improved collection and utilisation of rural electrification levy. The Government is also negotiating access to cheaper electricity from East, Central and Southern Africa in addition to implementation of all planned generating projects in Kenya."

I get worried when we start talking of rural electrification and yet there is no funding for that. We had a Question earlier in this Parliament where we were told that the Government does not expect any money at all for rural electrification. We were told that it is only STABEX money which is expected to do some rural electrification in this country, but this is also not happening. I am also worried when the Minister talks of importing electricity from these neighbouring countries. I wonder what potential these countries have that we do not have in this country such that we are talking of importing electricity. We are trying to enrich our neighbouring countries while we have the resources in our hands. We should utilise these resources to generate wealth in order to finance activities of this Government. When I look at the state of our economy, I get so disturbed because this country is endowed with so much potential to produce enough electricity and even sell the surplus to neighbouring countries. We have the facilities to do this, if only our leaders in this country were focused in that aspect.

The Minister for Finance also talked about reviving the KMC and I hope he was not just talking for the sake of it. When I was in the military, I used to eat canned meat from the KMC. Today we get this product from neighbouring countries, COMESA and Asian countries while we have the facility here. In other words, we are transferring the wealth of this country into the hands of other countries. I have heard many Members of Parliament lamenting about the COMESA or Asian countries dumping goods like eggs, bananas and mangoes into this country. Even *mitumba* clothes are being dumped here while it should be other way round. We should improve our economy such that we will be the ones dumping goods in other countries because we have all these facilities here. Why should we allow goods to be dumped here while we should in fact be dumping them in those countries so that we can create

employment and wealth for our people?

Mr. Temporary Deputy Speaker, Sir, if you have a look at the AGOA programme, you will find that it is just in paper, but nothing has happened. This is because the cotton industry in Kenya is no longer existing; it has gone to the drains. That is why the textile industry in Kenya is dead. Therefore, we cannot lament why we are getting textile or *mitumba* from other countries. So, the Minister should have geared towards the revival of the agricultural sector, so that the country can have enough money and leave out the reliance on donor-funding to finance the current expenditures of this country.

I was also not happy with the Minister increasing duty on the only commodity used all over Kenya by wananchi in the name of kerosene in order to raise Kshs600 million. The Minister should have looked for a better way of financing or raising that Kshs600 million than increasing duty on kerosene which, I feel, is used literally by every Kenyan in this country. Because of that, he should not have increased the duty on kerosene. We have had many forums on Poverty Reduction Strategy Paper (PRSP), from the national level to the province and district; even to the sub-location level. We wasted a lot of time in these deliberations. I have not seen anywhere in this Budget where the Minister has practically put into practice what we have done on the ground because every district, constituency, or location indicated what they need to do to reduce poverty in their own homesteads. But instead, the Minister did not address this issue. The rural areas are the backbone of this economy; they need to be considered in the revival of the economy of this country; down there to the rural areas. I have said several times that unless we think of the rural areas, in order to rectify the economy of this country, which is agricultural, we shall be wasting a lot of time in formulating policy papers and what-have-you. But if we do not address the real problems and their source; the origin of the problem - that is the rural areas - we shall be doing a lot of disservice to this country.

Therefore, with those few words, I support the Motion.

Mr. Mwalulu: Thank you, Mr. Temporary Deputy Speaker, Sir. This Budget speech has been lauded widely as a very patriotic Budget because it seems to ignore the donor-funding factor. But I want to suggest that this is a very carefully crafted proposal for donor-funding because for a failing or a failed state like ours to attract funding from the so-called donors, the best way is to pretend to ignore donor-funding. So, I can see a situation where very soon donors will come knocking with money which they will give to Kenya.

Therefore, I want to praise the Minister for Finance and his team for writing a very good proposal for fund-raising. At this point, I want to praise one particular aspect of the Budget, which proposes that Kshs600 million should go to bursary fund. I want to say that, just like the money for roads, which is given directly to the constituencies, this particular money for bursary funds should go directly to the constituencies because when roughly divided, each of the 210 constituencies in Kenya can receive at least Kshs3 million. I want to propose that hon. Members be in charge of this money.

Having said that, I want to say that this Budget should be treated with a pinch of salt because from my experience and our history, we know that this Government is very good at packaging very beautiful policy papers, but very poor at implementation. These Budget proposals must be able to relate directly and simply to the people and the situation in this country. It does not matter how beautiful policy papers are, but the people of Kenya have to eat, and they have to survive. A few months ago, there was a bumper harvest of maize in Makeni, and I witnessed it. Up to this moment I am speaking, the people of Taveta and Taita-Taveta District at large, and even parts of Tanzania are "importing" maize from Makeni because in that area rains failed. I am disappointed to say that the other day, I stopped over at Emali Shopping Centre, and I discovered that weevils are terrorizing farmers; they have eaten almost half of the maize harvests which the farmers had stored for themselves.

This Government should take responsibility of failing to exploit the full potential of farmers in this country, so that we achieve food sufficiency and, at the same time, in refusing to control pest like weevils which are currently terrorizing wananchi. The Ministry of Agriculture and Rural Development should take these things into consideration because we cannot talk about poverty eradication when we are reluctant to take concrete measures to eradicate poverty. Food sufficiency is the most basic step in eradicating poverty. This country and this Government spends millions of shillings every year to import food which they distribute as food relief. It is costly both in terms of our dignity as a nation and in terms of foreign exchange. A way should be found out so that the Ministry of Agriculture and Rural Development takes sufficient care of farmers.

We have witnessed the agricultural subsectors collapsing one by one; from sugar, coffee and tea industries. The result is that nowadays we find ourselves importing all manner of foodstuffs. I am told that we are even importing *sukuma wiki* from South Africa which we have packed in our supermarkets. We are rushing to these supermarkets to buy them because they are well packaged.

Regarding tax collection and mobilising local resources for self-sufficiency, the Speech talks of reducing import duty on mobile phones, but hiking the cost of calling on mobile phones. Making calls is no longer luxury in this country. We make calls because it is necessary in our business transaction. We need mobile phones because they are

necessary. I know from experience that the average mobile phone user in this country spends between Kshs500 and Kshs1,000 per day. This figure is on the lower side; there are people who spend more.

Mr. Temporary Deputy Speaker, Sir, it has been said that this country's middle class citizens spend much of their income on rent and food. A country whose middle class citizenry consumes all its income cannot be expected to invest. The Financial Statement must contain measures of ensuring that the tax collected is protected. South Africa has managed to do so through the creation of an anti-fraud unit, the equivalent of the Kenya Revenue Authority (KRA). The KRA has one of the most corrupt people in this country. Fresh college graduates have joined the KRA and become millionaires overnight. How does one own so much, so soon, considering the meagre public servant salaries paid to them? Tax collection must not only be maximised, but also it must be protected from thieving, so that we can be self-sufficient in finances.

The Financial Statement failed to address the issue of the teachers' salary award. In 1997, the Government and the Kenya National Union of Teachers entered into negotiations which culminated in an agreement where teachers were awarded salary increases. That aspect has not come out clearly in this year's Financial Statement. The teachers gave a strike notice and called it off the last minute. Perhaps the problem is not the Government but rather, the leadership of the KNUT. The teachers must be cautioned against electing people to the KNUT leadership so that they can line up their pockets at the expense of their colleagues. I am told that every time they call for a strike, the KNUT leadership is summoned to State House and other places, where they are bribed so that they can drop the idea. The challenge to the teachers is to ensure that they vet their leadership very well.

Mr. Temporary Deputy Speaker, Sir, over the years, the security situation in this country has worsened. We cannot have security if police officers continue to receive very meagre salaries and live in squalor; they are themselves insecure. In Taveta Constituency, police officers live in mud houses with holes in the walls. How secure would such a police officer be? How will an insecure police officer ensure your security? Worse still, the other day we were told here that the ratio of police officers to wananchi in this country is one to 996,000. How can police officers who are so much outstripped by the population provide sufficient security to the citizenry of this country?

Development in this country has been very uneven. Some parts of the country are far much ahead of others in terms of development. The other day, I listened to an hon. Member, who claimed to come from the so-called "marginalised and pastoral" areas of northern Kenya, complain that his community has been marginalised and, therefore, they deserved more parliamentary seats. I think it is wrong to approach the problem of poverty from that angle. The main problem of this country is inequitable distribution of national resources for the purpose of development. The other problem is the privatisation of public property.

The Temporary Deputy Speaker (Mr. Musila): Order! Order! Mr. Mwalulu, your time is up.

Mr. Badawy, you may take the Floor.

Mr. Badawy: Ahsante sana, Bw. Naibu Spika wa Muda. Mimi ni mmoja wa wale walioisifu Hotuba ya Makadirio ya Mapato na Matumizi ya Serikali iliyosomwa na Waziri wa Fedha. Ni kawaida kwamba mtu hawezi kuwaridhisha watu wote. Matatizo ya kiuchumi ni mengi. Sidhani kama kuna mtu ambaye anaweza kumaliza matatizo yote ya kifedha katika nchi hii katika muda wa mwaka mmoja. Kwa hivyo, Waziri amejaribu.

Masikitiko yangu ni kwamba watu katika sehemu nyingi nchini wanafurahia kuona harakati za maendeleo zinazoendelea nchini kupitia runinga, haswa runinga ya shirika la utangazaji nchini, KBC. Siku ya Madaraka, watu wa Malindi tuliambiwa kwamba KBC imeweka vifaa vya kupokea matangazo ya runinga yake katika sehemu hiyo. Hata hivyo, matangazo ya runinga hiyo yalipokelewa siku moja tu. Baada ya hapo, hawakuweza kupokea hotuba ya Makadirio ya Mapato na Matumizi ya Serikalil. Imewabidi wakaazi wa sehemu hiyo kutizama mashindano ya kandanda ya kombe la dunia katika runinga za nchi za nje kupitia vifaa vya satellite. Ninawaomba Mawaziri wanaohusika na mawasiliano na habari wajaribu kuyatutua matatizo yaliko kati ya hizo Wizara mbili ili raia wa Malindi, ambao pia ni raia wa nchi hii, na ambalo ni jiji moja mashuhuri na la kimataifa, waweze kunufaika, angalau wakati huu wa kinyang'anyiro cha mashindano ya soka kuwania kombe la dunia.

Bw. Naibu Spika wa Muda, yote yaliyokusudiwa kutekelezwa kupitia Bajeti ya mwaka huu katika sekta ya elemu ni mazuri. Lakini kungekuwepo na mtindo wa kuzitambua sehemu zinazostahili kupata usaidizi zaidi kuliko nyingine. Ni wazi kwamba kuna sehemu ambako watu wanajiweza na sehemu nyingine ambako watu hawajiwezi. Tukizungumza juu ya umaskini, inafaa Wizara ya Fedha na Mipango, na ile ya Elimu, Sayansi na Teknolojia Ufundi zihakikishe ya kwamba kuna utendaji haki katika kugawanywa kwa maslahi na manufaa yaliyokusudiwa katika Bajeti ya mwaka huu.

Nimefurahi sana kwa sababu wavuvi wametajwa katika Bajeti ya mwaka huu. Ninaamini kwamba si wavuvi wa Ziwa Victoria peke yake waliokusudiwa, bali pia wale wa baharini. Nigependa maslahi yao yaangaliwe. Kwamba wameondolewa ushuru wa nyavu haitoshi; uvuvi wenyewe umezorota sana kwa sasa. Hii ni kwa sababu wavuvi wa baharini na wale wa Ziwa Victoria hawapati mafunzo yoyote ya uvuvi wa kisasa. Ukweli ni kwamba uvuvi katika Pwani sasa unafanywa zaidi na wageni kwa maslahi ya utalii - ukijulikana kwa kimombo kama "sports fishing" - kiasi

ya kwamba uvuvi wa kujipatia maisha na ruzuku sasa umeanza kudidimia kwa sababu uvuvi wenyewe umekuwa ghali. Meli za uvuvi za trawlers, ambazo zinamilikiwa na matajiri, zinawafukuza wavuvi wadogo. Ninaamini kwamba Serikali ina nia ya kuwasaidia wavuvi. Hivyo basi, ningependa Serikali iangalie jinsi itakavyowasaidia kuimarisha mbinu za uvuvi wa kisasa.

Bw. Naibu Spika wa Muda, ninafuraha kwamba ushuru umeondolewa kwa mali inayoagizwa kutoka nje kwa shughuli ya kuunda vitu humu nchini. Sasa, nyingi ya bidhaa hizo hazitozwi ushuru kamwe. Lakini lingekuwa jambo la busara zaidi katika juhudi za kuhifadhi mazingira na misitu yetu kama ushuru juu ya aina zote za mbao zinazoagizwa kutoka nchi za nje ungeondolewa. Hata ushuru wa Value Added Tax (VAT) juu ya mbao ungeondoshwa ili wafanyibiashara waweze kuagiza mbao kutoka Indonesia, Malaysia na sehemu nyingine, ili tuweze kuhifadhi misitu yetu. Ushuru ulioondolewa ni ule wa Excise Duty na Custom Duty peke yake. Ushuru wa VAT wa asilimia 18 bado ni mkubwa sana juu ya mbao.

Katika kilimo, Serikali ingetilika mkazo mbinu ya unyunyiziaji maji. Hivi sasa, nyanda za juu katika sehemu ya uwakilishi Bungeni ya Malindi, kama vile Chakama na kuelekea Mbuga ya Wanyama ya Tsavo, ukulima unaoweza kutegemewa ni ule wa unyunyiziaji maji mashamba. Tunashukuru kwamba wakati wa mafuriko, mito katika sehemu ile hutuletea udongo kutoka Ukambani. Lakini udongo huo huishia katika Bahari ya Hindi. Kwa upande mwingine, kuingia kwa udongo huo baharini kuna manufaa yake; hutengeza sehemu nzuri ya mazalio ya samaki aina ya kamba ama prawns. Wakazi wa sehemu hiyo wameonyesha nia ya kuyatumia maji hayo kwa kunyunyizia maji mashambani, lakini uwezo walionao ni mdogo. Mradi wa unyunyiziaji maji mashambani wa Chakama umefufuliwa na wenyeji. Tunawasaidia kwa kuwapa vifaa na mafuta, lakini mitaro iliyowekwa siku za nyuma na Serikali imezibika kabisa. Kwa hivyo, tungependa Serikali iwasaidie wakulima hao.

Halmashauri ya Utalii nchini, KTB, ingebuni mwelekeo kabambe ambao Waziri wa Utalii na Habari angeuleta Bungeni kwa njia ya Sessional Paper, ili kutufahimisha kuhusu malengo ya KTB - ambayo ilianzishwa miaka mitano iliyopita - katika kukuza utalii nchini. Haitoshi kuambiwa kila siku kwamba halmashauri hiyo ina lengo la kupanua utalii. Tungependa kuletewa mapendekezo Bungeni kwa njia ya Sessional Paper, na tuelewe jinsi halmashauri ya KTB inavyotarajia kuimarisha sekta ya utalii na biashara zinazohusiana na sekta hiyo.

Bw. Naibu Spika wa Muda, kuna mashirika na taasisi zilizoanzishwa ili kuwasaidia wananchi. Kuna hospitali ambazo hazitengenezi faida, kama vile Tawfique Muslim Hospital ya Malindi. Si haki hospitali kama hiyo kutozwa kodi ya mapato kwa sababu haifanyi biashara. Hospitali hiyo inaendeshwa na jamii, na hutoa huduma kwa malipo ya chini. Wakati mwingine hospitali hiyo hutoa huduma za bure kwa watu wasiojiweza. Si haki kwa hospitali kama hiyo kutozwa kodi ya mapato kama hospitali za kibinafsi. Kwa hivyo, ningependa Waziri wa Huduma za Matibabu azungumze na mwenzake wa kitengo cha Fedha, waone namna ya kuondoa ushuru wa mapato kwa mashirika kama hayo.

Bw. Naibu Spika wa Muda, nilifurahishwa sana na Waziri wa Fedha alipotaja ulegevu na ufisadi ulioko katika Wizara mbali mbali. Hakuna manufaa yoyote ambayo yanapatikana baada ya pesa kutoka kwa Local Authority Transfer Fund (LATF) kutumika. Miradi ambayo pesa hizi zimetengewa, kama vile utengenezaji wa barabara, inafaa ifuatiliwe ili kuona kama inatekelezwa kila baada ya miezi michache. Miradi hii inatumiwa kama njia ya kuenza ufisadi.

Kuna barabara za Mjini Malindi ambazo ninaweza kuzitaja, ambazo zinatengenezwa kila baada ya miezi minne badala ya suluhisho la kudumu kutafutwa, kama vile kuchimbwa kwa mitaro ya maji ambayo itafanya barabara hizo kutengenezwa mara moja na kuwa barabara za kudumu. Ninaamini kwamba utengenezaji wa barabara hizo unatumiwa kama njia ya kutumia pesa vibaya. Kwa hivyo, ni vizuri Waziri wa Serikali za Mitaa aangalie kwa makini jinsi ambavyo mabaraza ya wilaya yanavyotumia pesa, hasa pesa kutoka fuko la LATF. Bunge huidhinisha matumizi ya pesa hizo ili mabaraza ya miji yaweze kutoa huduma sawasawa kwa wananchi.

Bw. Naibu Spika wa Muda, mambo mengi yamesemwa na mapendekezo mazuri yametolewa. Wabunge wana nia nzuri, lakini kama walivyosema wengine, utekelezaji ni jambo muhimu zaidi. Ninaamini kwamba shida ambazo zimelikabili taifa hili, shida ambazo zinawakabili wananchi, na wananchi karibu wamezizoea, ni shida ambazo zinaweza kutatuliwa iwapo mapendekezo yaliyotolewa na Waziri wa Fedha, na nia nzuri ambayo imedhihirishwa na Serikali kupitia kwa Wizara ya Fedha, yatatekelezwa kwa makini kupitia kwa wale maofisa ambao wamekabidhiwa jukumu la usimamizi wa pesa.

Ni vizuri Wizara zote ambazo zimehusika ziangalie matatizo wakati kama huu wa kupitisha matumizi ya pesa. Matatizo si lazima yatatuliwe kwa pesa, lakini yanaweza kutatuliwa kwa watu kuhakikisha kwamba wanafanya kazi zao sawasawa. Watumishi wa umma ambao wanalipwa mishahara mizuri, na ambao hupewa marupurupu wanayoomba mara kwa mara hata bila ya kugoma, inafaa wawajibike na kuona kwamba mapendekezo na mielekeo ya maendeleo ya Serikali wanaitekeleza, na pia kuonyesha uzalendo kwa kuwa tayari kulinda pesa za umma. Ufisadi haufanywi na maofisa wa ngazi za juu peke yao. Ufisadi haufanywi na wanasiasa peke yao, lakini uko mpaka mashinani katika kamati za shule. Wananchi wamekuwa fukara, lakini ule ufukara haujasababishwa na watumishi wa

umma wa ngazi za juu peke yao. Hata zile pesa kidogo ambazo wananchi huchangia miradi tofauti tofauti ya kujitolea ya Harambee, bila usimamizi mwema miradi hii haitakelezwa, maendeleo hayatapatikana na wananchi wataendelea kuwa maskini wakati ambapo sisi tutakuwa tukipiga kelele na kuwalaumu watu wanaofuja mamilioni ya pesa.

Waswahili walisema kwamba bahari ya chungu ni maji kikombeni. Ukichukua shilingi ishirini za maskini ambazo anapeleka shuleni kulipia karo au kusaidia Harambee fulani katika shule, hizo ni pesa nyingi sana kwake. Kwa hivyo, ufisadi na wizi si wa pesa nyingi tu, lakini pia unahusu pesa kidogo za wananchi ambazo zinatumiwa vibaya, iwe ni mkuu wa shule, mwenyekiti wa kamati ya shule, naibu wa chifu, mkuu wa tarafa au msimamizi yeyote ambaye amekabidhiwa mamlaka ya kulinda pesa za umma. Hawa watu wakitumia pesa kama hizo vibaya, hii ni njia moja pia ambayo inaleta umaskini, na inafaa ichukuliwe kama ufisadi wa hali ya juu pia.

Kwa hayo machache, ninaunga mkono.

Dr. Ochuodho: Mr. Temporary Deputy Speaker, Sir, I want to begin from the premise that year after year, we meet here, have the Budget presented in the House and discussed. But year after year, funds are used, but there is no auditing to show that this money was used as was proposed.

I think it would be important for the Government to find a way such that in future, when the Budget is presented, discussed in Parliament and agreed upon, there is a follow-up mechanism to ensure that if so much money was meant to be used for a certain purpose, it has been used for that purpose. I say this because last year, we voted about Kshs9 billion for road works. I understand that all this money has been spent but there is no single kilometre of new road which has been tarmacked anywhere in this country. This is a clear example of a case whereby we vote for funds but there is no mechanism to ensure that those funds are used for the intended purposes.

I think it is incumbent upon this House to find ways of ensuring that when money is voted for a certain purpose, it ends up being used for that purpose.

Mr. Temporary Deputy Speaker, Sir, it is in that regard that I am uncomfortable with the proposal the Minister made to tax an additional Kshs1 on paraffin in the hope that, that money will be used to provide wells or water for rural communities. I would almost confidently say that we will come back here a year later, for those of us who will be elected to the next Parliament, to find that this money was collected from the people, but no single new borehole was dug anywhere in the country. This is what has been happening with the current Government. If tax is collected from Kenyans for a specific purpose, we should get a mechanism of ensuring that it is used for that purpose. Indeed, I am sceptical that if this money is collected, it will not be used for the purpose that the Minister gave, of providing water to the rural communities. If it turns out that, that does not happen, then what will we do next? It is in that regard that I say that, whereas the Minister tried to prepare a campaign Budget, it was unfortunately poorly crafted. It was supposed to appease people, but as a consumer, I would not be appeased. It seemed to favour large industrialists and ignored the common man.

I say this because the Government must make up its mind in terms of ideology. If someone asked me today what the KANU ideology is, I would not be sure where to trace it from. I would not know whether it is left, right or centre. This is because in some of KANU's behaviour, it pretends to be people-based, in which case it would be on the left of that spectrum. But going by what the Government has done in this Budget, it has tried to do certain things to please the large industrialists. I would want to say that, that convinces me that KANU cannot claim to be on the left of the spectrum, because it seems to be concerned about the tycoon. This Budget was meant for the tycoons, so that when KANU meets on 28th of this month, at the Kenyatta International Conference Centre (KICC) or at the Grand Regency Hotel for dinner, these tycoons could be prepared to pay Kshs5 million for one plate of food. The intention of the Budget was to please the large industrialists at the expense of the common man. The rise in the price of kerosene is just one example to show the common man did not benefit. But there are many other cases in which the common man did not benefit. If we talk about the *mitumba* business, for example, whereas I accept that we should not let our textile industry collapse, in protecting it, we should be extremely careful so that we do not step on many Kenyans' toes. The majority of Kenyans; I would say confidently about 95 per cent of Kenyans, cannot afford to buy new clothes. So, in that regard, if we increase the price of the second-hand clothes, will we be helping the common man or the big tycoons? Some of these issues are not simply printed in white and black. There must be a middle ground.

Even if the Minister wanted to please the industrialists, there are other ways in which he could have pleased them without having to step on the toes of the common man. We must ask ourselves why it is expensive to do business in Kenya. It is not expensive to do business in Kenya because of some of the reasons that the Minister advanced. The main reason why it is expensive to do business in Kenya is because of the level of insecurity. This Government has failed to provide a secure environment in which to do business. The other reason is our broken infrastructure. The money that was supposed to provide the infrastructure has been looted, and we still dare go ahead and say that we want to give the Kenya Railways Corporation (KRC) Kshs1.6 billion.

I know that there are problems within the Kisumu Municipality of plots that were allocated, understandably, to councillors. I want to say that while I do not support the councillors who are out to throw out the Mayor - I hope that

they will be allowed to do what they please because that is their constitutional right - I think that it is not only the councillors who are causing this problem, but even people in big offices in the Government have been involved in grabbing plots in Kisumu City. Most of those plots belong to the KRC and we are being told that we should give the KRC an additional Kshs1.6 billion. The KRC has been busy selling its plots left, right and centre in Nairobi, Mombasa and Kisumu cities. It is in this regard that I would be opposed to these proposals.

If we had maintained our infrastructure, then the cost of doing business in this country would be attractive and more investors would come in. The other thing with regard to infrastructure is energy. The cost of electricity in Kenya is one of the highest in Africa. But part of this has been caused by corruption within the Kenya Power and Lighting Company, as has been reflected in the public domain in the past.

The Minister should have been brave enough and more emphatic in saying that our major problems in Kenya are corruption, insecurity and the broken infrastructure. Our tourism sector is not doing well, not for the reason that has been given by the Government, that we have not marketed it well. It is not doing well because the Government sponsored ethnic clashes in Kisauni and Likoni, for example. These are the reasons that are making tourists run away.

I also want to take issue with the education sector. I was very disappointed that the second phase of the teachers' salary increment that we expected the Government to honour was not reflected in this Budget. We have a saying in my vernacular which says: "You blame the folks, but also blame the chicken". I was disappointed that the Kenya National Union of Teachers (KNUT) was taken for a ride by this Government and told that they could renegotiate the package. The KNUT should have known that this is a Government that you cannot trust. I believe that when the National Alliance for Change (NAC) starts to build pressure on this Government, the Government will get the money to implement the second phase of the teachers' salary increment so that they will get what is rightfully due to them.

Mr. Temporary Deputy Speaker, Sir, there is a false impression about the Kshs500 million that has been set aside for textbooks. I think there is a false impression being created that this is a new entry. It is important for Kenyans to know that even in the past, this Vote has always been there. In the last Budget, there was Kshs350 million under this Vote, set aside for textbooks. I do not understand why there is a lot of hullabaloo about the Kshs500 million. This is not something new! The Government has just added an extra Kshs150 million for textbooks! As a matter of fact, we are bound to ask where the Kshs350 million was used in this country. In Homa Bay District, I have not heard of any money from the Government meant for the purchase of textbooks, and yet I attend the District Education Board meetings regularly. Whereas we are talking about making money available for the purchase of textbooks, how can we convince Kenyans that this money is being used for the intended purposes?

Mr. Temporary Deputy Speaker, Sir, finally, the Government is now talking about being "dot.com." There is a lot of talk about "Young Turks" and so on. In the Budget we are discussing now, there is nothing for people in the Information Technology industry to rejoice. We had expected taxes on computers to be removed! In Uganda, they removed all taxes on computers. Why did this Government not find it necessary to do that? Instead, they are making mobile phones more expensive.

The Temporary Deputy Speaker: (Mr. Musila): Dr. Ochuodho, your time is up!

QUORUM

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. The House should stop the obscene habit of having no quorum even during the first week. There is no quorum in this House!

The Temporary Deputy Speaker (Mr. Musila): Order, Mr. Angwenyi! You are entitled to point out to the Chair that there is no quorum but you do not have to make all those remarks.

There is no quorum. Ring the Division Bell.

(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Musila): Order, hon. Members! We now have a quorum.

The Minister for Heritage and Sports (Mr. Nyenze): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for giving me the opportunity to contribute to the Budget Speech.

Mr. Temporary Deputy Speaker, Sir, the Budget is a balanced one because it takes care of both the poor and the rich. It also addressed the agricultural problems that we experience. One part of the Speech which impressed me was the Minister's arrangement to deduct Kshs1 from every litre of kerosene to fund irrigation agriculture, construct dams, canals and boreholes in order to provide water to the dry areas.

Mr. Temporary Deputy Speaker, Sir, our economy is agro-based and more resources should be geared towards agriculture because that is where we can develop faster. If only we could address the production and

processing of agricultural goods, then we would be adding value to our goods, and get markets for our produce. By so doing, we would be eradicating poverty. But I am happy that the Minister for Finance did address that issue besides the budgetary allocation to other agricultural sectors. Kenya has a lot of potential and we could even grow sugar-cane under irrigation, just like the Sudan. Sugar from Sudan is cheap because they grow sugar-cane all year round. Their yields are higher per hectare than the rain-fed farming. We are endowed with many rivers which traverse many dry areas of this country. If this water could be harnessed through agriculture, we would expand the agricultural produce base and the economy would grow at a faster rate. I come from a semi-arid area and I welcome the idea of building more dams in Kitui, so that we can produce more food for ourselves and also cash crops.

Mr. Temporary Deputy Speaker, Sir, the manufacturing sector received a major boost from the Budget. All the raw materials used for manufacturing purposes were zero-rated. That makes production cheaper. That is why General Motors Limited has announced a general reduction in the prices of cars. I am sure the other companies will follow suit. So, that was a decision in the right direction.

Mr. Temporary Deputy Speaker, Sir, I hope the allocation for roads under the Ministry of Roads and Public Works will address the Kang'onde-Kitui-Mutomo Road. That road is very important to this country because it connects Mombasa Road, from Kibwezi, via Mutomo-Kitui-Mwingi-Maua-Meru-Isiolo and up to Ethiopia. If that road is made motorable - it will ease congestion on the busy Mombasa Road - it will make Mombasa Road last for a very long time. It will reduce the volume of traffic on Mombasa Road, hence reducing the wear and tear on the road. Through experience, we have noticed murrum roads do not last long. In Kitui District, we resolved that we would rather have one kilometre of tarmac road, than 20 kilometres of murrum road. This should be taken into consideration whenever money is supplied to the areas where it has been allocated.

Mr. Temporary Deputy Speaker, Sir, I am sure that everyone is aware that the Kenyan economy is the biggest in this region. It is bigger than that of most countries in Eastern and Central Africa. It is only that it has slowed down and it is not growing very fast. This has come as a result of good governance by His Excellency the President, who has led this country very well. I am sure we are lucky because we have enjoyed peace over the years, until some people have assumed that peace is something to be taken for granted. When we look across our borders, we see some people killing each other under conditions of total anarchy and chaos. But in Kenya, because we have not been at war, people take peace for granted. But peace has come as a result of the good political stewardship of His Excellency the President. Through the policies put in place by the Minister for Finance, the economy has started to grow. We hit the rock-bottom, but the economy has started registering growth. I am sure that with the structures in place, the economy will grow and there will be less poverty.

Mr. Temporary Deputy Speaker, Sir, I would like to advise our Opposition colleagues that instead of being big talkers of Oxford University English and small doers; and instead of criticising every move made by the Government, or to see a conspiracy in every move made by the Government, they should support the Government. I am sure our economy has suffered for the last 10 years because Opposition Members of Parliament have always told the donors not to bring money into this country. When the economy does not grow, they say: "Oh, the economy is not growing!" We have done all we could as a Government, despite shifting of goals by donors. We have managed and made do with the little that we got, and we have started registering growth. This is something that I am proud of because it has shown that we can do so much with our little resources.

Mr. Temporary Deputy Speaker, Sir, I want to disassociate myself with those hon. Members who blame the Kenya Revenue Authority (KRA) for corruption and so forth. The Kenya Revenue Authority has done a good job by collecting revenue, and without borrowing money from those donors, we have been able to pay our debts, salaries and serviced our debts *et cetera*. I think KRA should be commended for raising all these funds which have enabled us do much even without the donor support.

Mr. Temporary Deputy Speaker, Sir, the question of insecurity has been addressed by allocation of more money to the police force and those other sectors that deal with insecurity. This is because without security, we will not conduct our business well and tourists will fear coming into this country and, therefore, the economy will stagnate. So, that is a good sign that the Government is sensitive to the business community by allocating more money to the police force in order to enhance security.

Mr. Temporary Deputy Speaker, Sir, I just want to say that, for the many years that the KANU Government has been in power, we have seen consistently some good progress in so many areas. So many Kenyans have been educated, but they cannot be absorbed into the labour market. So many Kenyans are so highly educated that whenever they go out to look for jobs, they get them. There is nothing as good as educating the general population. We have so many universities, tertiary colleges and institutions of training which have come about as a result of the peace we have enjoyed under the good leadership of His Excellency the President. This is something that some inciters, or people who are not sincere and who do not want to recognize the good leadership of our President do not see that it is lacking in other countries. I am sure the few economic problems and poverty that we face would be a thing of the past if we

maintained peace in this country.

Mr. Temporary Deputy Speaker, Sir, those who are fighting for leadership in this country, especially those from the Opposition, under the umbrella of the National Alliance for Change (NAC)--- Though there are squabbles that once you attain the age of 71 years, you should give way to young blood. I do not know why there is so much fuss about that statement. It is a statement from an independent Kenyan, with an independent mind! I would say that Kenyans should learn from the episode that, if there is no democracy in the Opposition, who else can lead this country better than KANU?

With those remarks, I beg to support.

Mr. Kibicho: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Budget Debate.

This year's Budget is going to hit hard the ordinary citizens, the poor. The increase on duty on kerosene is going to affect the very vulnerable poor Kenyans. The Minister ought to reconsider this proposal and remove duty on kerosene.

Mr. Temporary Deputy Speaker, Sir, also, duty on second-hand clothes is going to affect poor Kenyans. If this duty is not removed, most Kenyans are going to do without proper clothing. You will see many Kenyans moving around in tattered clothes, and this is inhuman.

On a serious note, this year's Budget has got a deficit of Kshs79 billion, and the Minister is proposing to reconcile this deficit through domestic borrowing. As we have seen in the past, the Government would be competing with the private sector, if it allowed domestic borrowing. If the private sector is denied credit, there shall be no economic growth! It is time this Government sourced money elsewhere and eliminated the domestic debt. This is because some of the money which is borrowed is only for paying old debts and creating other new debts. Even if we prolonged the period within which debts would be paid, we would merely be making Kenyans who will be born 50 years to come, pay for the sins they never committed. That Kenyan was not there in 1992, when more money was introduced in the economy and which created the problem we are facing now. So, we must solve our own problems and we should not extend them to our grandchildren.

Mr. Temporary Deputy Speaker, Sir, if you look at the proposals made by the Minister in his Budget, he recognizes that bad debts in the banks are impacting negatively on the economy of this country. But when you look at the proposals put forward by the Minister to solve these problems, they make no sense. In his Budget Speech, the Minister told us that he is going to surrender his powers to the Governor of the Central Bank of Kenya. The Minister does not tell us how surrendering of powers to the Governor of the Central Bank of Kenya could solve problems of bad debts in the banks. The Minister does not address one factor, that these bad debts in banks are only affecting five known banks and are owed by Kenyans who are known! These Kenyans are not repaying the debts simply because they are politically-correct individuals. Until and unless something is done in this country, we will never get out of this problem of bad debts. So, we call upon the Minister to be honest and stop telling us that by surrendering his powers to the Governor of the Central Bank of Kenya, that would solve the problems of bad debts in the banking sector.

Mr. Temporary Deputy Speaker, Sir, for a long time, this Government has continued to protect Pan African Paper Mills, as far as paper production is concerned. As a result of that, the price of paper in this country is so high. I think, unless the Minister allows competition, since we are now in a free market economy, so that there is competition, this is also impacting negatively on our economy.

There is also this other proposal made by the Minister to put back the suspended duty on goods coming from the East African Community. What the Minister has not told us is that, in the first place, we agreed on the suspension of this duty so that we could promote integration within the East African community. As one speaker said, our economy is the largest in the East African region, and we require this market for our goods and services. So, has the Minister done enough study to establish that if duty on goods coming from the East African states is removed, and if our goods are shut out by the East African Community, we will benefit from the little duty that we are going to get.

[The Temporary Deputy Speaker

(Mr. Musila) left the Chair]

[The Temporary Deputy Speaker

(Mr. Badawy) took the Chair]

Looking at this Budget, one would conclude that it is an election Budget. This Budget was read out to hoodwink Kenyans to think that there will be an economic recovery when that is not the case. This is our country and whoever is in power should be sincere to Kenyans.

Mr. Temporary Deputy Speaker, Sir, I would like to turn to duty on imported agricultural goods. Unless this Government sets up a unit in the Ministry of Finance and Planning so that it can be informed well of the subsidies

which other countries put into their agricultural sector, our agricultural goods will not compete internationally. This is because we have complained for a long time in this House that Kenya has become a dumping ground for foreign goods. This country has become a big supermarket. Could the Chair imagine that in Central Province, it is very difficult to sell milk? This is because this Government has allowed a certain company to import powder milk from the United States of America (USA) and other countries. We should be sincere to ourselves.

I would now like to touch on the prosecution powers the Minister purports to give to institutions like the Kenya Revenue Authority (KRA). Has the Minister forgotten that there is a judgement in the High Court which declared the Kenya Anti-Corruption Authority (KACA) unconstitutional? This Authority was declared unconstitutional simply because Section 26 of the Constitution of Kenya provides that it is only the Attorney-General who can prosecute. Why should the Minister come with a proposal which will make this House a laughing stock? If somebody went to the High Court and he or she got an order, it would make all of us in this House look as if we do not know what we are doing here. So, I would like to ask the Minister to ask his officers to carry out more research before he comes up with proposals, which, if challenged, will make us appear not to be serious.

I support the proposal in the Budget about harvesting of rain water. This ought to have been done a long time ago. If you travel between Nairobi, Makuyu and Sagana, you will see those dams which were built by the Europeans. Those are the dams which have been used to irrigate coffee farms. For the last 40 years, this Government has forgotten the aspect of harvesting rain water. This is an area which ought to be encouraged. But I oppose the proposal by the Minister that the money to implement this should come from the poorest of the poor, who use paraffin. That money should be sourced from elsewhere. Mwananchi should not be taxed Kshs1 for every litre of kerosene he or she buys as proposed in the Budget.

Mr. Temporary Deputy Speaker, Sir, if you look at the common Kenyan, you will find that he is very poor. Go to the streets of Nairobi, and you will see most Kenyans, including the middle class managers, looking as if they have not eaten food for the last two weeks. Go to the US and you will find Kenyans who have Doctorate and Masters Degrees cleaning toilets and washing old women simply because this economy does not grow, and it has become unattractive for Kenyans to live here. This Government should realise that unless confidence is restored so that those Kenyans who have stashed money out of this country bring it back; unless confidence is restored and there is discipline in the use the money we vote in this House, so that it can be put into productive use, this economy will not grow. This is because many economists, even today, suspect that the growth rate of 2 per cent, which the Minister is reported to have said, is not attainable.

Mr. Kajembe: Thank you, Mr. Temporary Deputy Speaker, Sir. I would like to contribute to this Motion. It is the Government policy that children should not pay school fees in primary schools. Parents have been finding it very difficult to pay school fees. I would have expected this Budget to address the issue of funding public schools in this country. I am saying this because on one hand, we are told that children should not pay school fees in primary schools, and on the other hand, we are told that whatever is being paid by the parents is very minimal. So, I would have expected the Minister to come up with estimates to fund these schools through the supply of electricity and water. That was not done.

Today, school head teachers are finding it very difficult to run these schools because the Government has instructed the parents not to pay school fees for their children, and yet it does not provide enough funds to these schools. So, the head teachers of these schools are in a dilemma. I would like to request the Minister, when he will be preparing the Supplementary Estimates, to consider funding public schools in this country.

In this year's Budget, about Kshs600 million has been set aside for bursary funds in our public schools. If you compare that money with the number of public schools in this country, you will realise that, that is very little money. I do not know how the Minister will share that money among the public schools. Again, about Kshs500 million was set aside for the purchase of textbooks in this year's Budget. I would like to point out that this money is still very little. There should be a policy in place to run our education system in this country.

The Assistant Minister for Education, Science and Technology (Mr. Ojode): On a point of order, Mr. Temporary Deputy Speaker, Sir. I hate to interrupt the hon. Member on the Floor, but I just wanted to ask whether he is in order to mislead this House that the Kshs600 million in this year's Budget is meant for all public schools, and yet he knows that it is bursary which is meant for the needy students. Is he in order to do that?

The Temporary Deputy Speaker (Mr. Badawy): Mr. Ojode, I think that is what the hon. Member has stated!

The Assistant Minister for Education, Science and Technology (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, he said---

Mr. Kajembe: Mr. Temporary Deputy Speaker, Sir, let us call a spade a spade. The gap between the rich and the poor people is too big. The low income earners cannot pay school fees for their children. It is a pity that every morning their children are sent home by school heads to go for school fees and yet their parents are too poor to afford

it. We should sympathise with the situation.

Mr. Temporary Deputy Speaker, Sir, we have been talking about privatisation in this country for a long time. The Government supports parastatals which do not make profit. Why can the Government not privatise those parastatals that are not making profit? For example, in this Budget, a big chunk of money is set aside to support the Kenya Railways Corporation. Why should the Government continue pumping money into this ailing parastatal and yet it is not making any profit? If the Government is unable to run this corporation, it should privatise it. The Government should only support parastatals that are generating good revenue. It is sad that over Kshs1 billion has been set aside to support the operations of this corporation. This money would have been used to pay teachers their contentious salary increment and civil servants. I think that is not a good thing to do.

Mr. Temporary Deputy Speaker, Sir, one area where I should praise the Government is the introduction of the Export Processing Zones (EPZ). I do represent Changamwe Constituency which is an industrial constituency. There are about 10 industries in my constituency which have employed about 12,420 young men and women. I would like to call upon the Government to continue their negotiations with foreign investors so that they come and set up industries in this country. I am sure these industries will provide employment opportunities to our people and generate revenue for the Government.

Mr. Temporary Deputy Speaker, Sir, the textile industry in this country is controlled by foreign investors. There are no Kenyans involved in this industry. I think something should be done to make sure that Kenyans are also involved in this industry. It is a pity that even the Government itself has no interest in this industry. The danger is that with an ailing economy, these foreign investors might one day decide to pack up and close down their industries. Most Kenyans will lose their jobs because there are no Kenyans in this industry who will take care of the interest of our people and country. I think something should be done to stop this trend.

Mr. Temporary Deputy Speaker, Sir, there are site and service schemes in Mikindani and Chaani in my constituency. These site and service schemes are funded by the World Bank to help people with low income at least to own a structure. These plots were allocated to people who earn less than Kshs1,000 per month. Today, all these site and service schemes have changed hands from the poor to the rich. All the low income earners have been displaced. Every day, the Mombasa City Council gives notices to structure owners to pay rents or their plots will be possessed. The problem is that all the money collected by Mombasa City Council is not remitted to the Ministry of Finance. It goes to the city council to pay salaries and finance other services which are not important to our people. I believe part of this money should go to the Ministry of Finance and the Ministry concerned with housing. I would like to ask the Ministry of Finance to make sure that money collected from Mombasa City Council is well utilised.

Mr. Temporary Deputy Speaker, Sir, I also expected the Budget to address cost-sharing in the hospitals. This cost-sharing was introduced by a leader who, today, sits in the Opposition side.

An hon. Member: Who is he?

Mr. Kajembe: He was a Minister in this Government. He introduced cost-sharing in the hospitals, but today he sits on the other side of the House. Again, we should abolish cost-sharing in our hospitals.

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

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, I would like to say a few words about this Budget. To begin with, the Minister did a nice job. I do not know whether he did a good job because he is also a Mr. Chris. It is as if it was from "Chris" to "Chris". Last year, the Budget was read by Mr. Chris Okemo, and this year it was read by Mr. Chris Obure. You will notice that a lot of paragraphs appearing in this year's Budget were copied from last year's Budget. That does not show a lot of intelligence, not on the part of the Minister, but on the part of the officers involved. It was not necessary for them to quote exactly the same sentences, increases and measures as they appeared in the last year's Budget. I thought it would have been wiser to even change the language so that it looks like "a new Chris" and not the last year's "Chris."

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

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

Mr. Temporary Deputy Speaker, Sir, I would also have expected the Minister to concentrate particularly on insecurity in this country. What has most hampered our economy is that no investor will come to Kenya as long as the country remains so insecure. There is a lot of insecurity in this City and the country as a whole. The first thing that anybody who comes to invest here will see is the insufficient security. If you are not attacked by robbers, you will be attacked by the policemen themselves. We are not safe in this country. I would expect the Minister to concentrate

more on this and find out why investors are not coming here. They will not come to invest in an insecure country. Every day we read of people being killed either by the police or robbers. When it happens, the Government of the day does not bother to follow up the killers. The other day, I had to console the relatives of my people in Dandora who were killed by a police officer. To date, this officer has not been arrested and yet the man who was killed is buried. Why should we favour some officers? Is it because they are trigger-happy police officers? I would have expected the Budget to concentrate on the security of this country.

Mr. Temporary Deputy Speaker, Sir, secondly, the Government must look into the bureaucracy that exists in this country. An investor goes through a lot of bureaucracy before he gets a licence to invest in this country. He must give out *kitu kidogo* before he is allowed to invest. We must stop this so that we attract investors. The *kitu kidogo* culture in this country is one of the reasons why investors are shifting their businesses to other countries within the region.

The other issue is the question of penalties. The Minister concentrated on penalties. In this Budget, you find a penalty being raised from Kshs50,000 to Kshs500,000. People will not stop doing what they are doing because of being heavily penalised. People will stop doing whatever they are doing if they see there is fairness and not because the penalty has been raised from Kshs50,000 to Kshs500,000. That is enormous! That is too big and it is not possible. The Minister has to reconsider that figure.

The other issue I would like to address is implementation of those penalties. The Minister says it is the Retirement Benefits Authority (RBA) which will have the power to prosecute. It will not be possible. The other day we had a problem with KACA and its authority to prosecute. That was the reason why it was declared unconstitutional. If we give power of prosecution to the RBA, we will be contradicting Section 26 of the Constitution of Kenya which vests the power of prosecution in the Attorney-General. Somebody will go to court and it will be stopped on the spot. It is not going to happen. That has to be amended. The Minister should tell us from where RBA will get authority to prosecute, because if KACA was ruled out by the court, how can RBA be allowed to prosecute? That remains the job of the Attorney-General. The fact that the Minister reads the Budget and quotes that phrase, it does not make it law. I expect the Minister to come and rectify that situation, because we may fall into the same problem we had with KACA.

Mr. Temporary Deputy Speaker, Sir, there are a number of other areas which need to be looked into. Levying a penalty to the tune of Kshs200,000 to an insurance company which is running without a licence is not feasible, because an individual could run that insurance company for a month, collect that money and proceed with the business. Let it look reasonable. Kenyans have continued to grow poorer, and raising the figure of reinsurance deposits to Kshs10 million means that the insurance company will translate the same to their customers. They will raise their fees. It is not the insurance company which is being pressurised, but the ordinary mwananchi, because the insurance company will pass the same to their customers. I would like to ask the Minister to consider that because customers will not be able to afford it. What is likely to happen is that our people will not insure motor vehicles or even take life insurance covers. There are very many problems in this country, and unless our people are insured so that there is health care, we will continue having this problem.

Mr. Temporary Deputy Speaker, Sir, increasing VAT on *mitumba* from 15 per cent to 25 per cent is not fair because that increase is too high. I do not mind if it was raised to 20 per cent, but 25 per cent is on a higher side. The truth is that, all of us, including the Chair, wear *mitumba*. The Minister for Finance also wears *mitumba*. We are not saying that we should not take care of the cotton industry, but we should do it slowly. If we rush it, then we will kill---

The Assistant Minister for Education, Science and Technology (Mr. Ojode): Mr. Temporary Deputy Speaker, Sir, did you hear Mr. Mwenje alleging that even the Chair is wearing *mitumba*? Could he substantiate?

The Temporary Deputy Speaker (Mr. Imanyara): I did not hear that!

Mr. Mwenje: Mr. Temporary Deputy Speaker, Sir, I will not listen to such statements, which are not points of order.

We should look at such issues and go slowly over them. I agree that we should resuscitate our textile industry, but we should go slowly on that issue because our people may not afford to purchase those clothes.

With regard to motor vehicles, I do not know what the Minister meant. On one hand he would like us to drive new vehicles, and that is why he does not want us to import ten-year old motor vehicles. That is okay, but on the other hand he contradicts himself by introducing another form of duty on small vehicles. So, do we buy the small cars whose duty has been increased while you have blocked the importation of old cars?

The Minister in the same vein also reduced duty on CKDs. The Minister must come out clearly on this issue. He should not pretend to want us to drive new cars and then increase duty on the small vehicles. This will still force us back to purchase the old cars which are more than ten years old. This is contradictory, and I hope the Minister will clarify this issue.

Mr. Temporary Deputy Speaker, Sir, the Minister scrapped the TLB fees and then increased the sticker

licence charges. This is also contradictory. If this is done, it is the same people who will pay. So, you are simply giving it with the right hand and taking it back with the left hand. It would be better to leave it the way it was, rather than try to please those who will not notice. Fortunately, they have experts like us to educate them. The Minister should make it clear on what he meant. I do not even see how much money he will raise. I am sure it will be very little.

The other issue is with regard to the coffee industry. Coffee farmers have a lot of debts, and we expected the Minister to waive all the loans which are owed by the coffee farmers. We hope the Minister will soon do that because coffee farmers earn nothing at the moment, because they have a lot of debts. I hope the Minister will do this very soon before we complete the debate on the Budget Speech.

I beg to support.

Mr. Ngunjiri: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to support the Budget that was ably read by the Minister for Finance.

Although I was deeply engrossed in reading the Budget Speech, I saw a vacuum, and this is a vacuum that we will not allow to happen in this country, whether constitutionally or in governance. I have been looking at the Budget proposals, and I noticed that emphasis has been put on the agricultural sector. For a long time, we have been talking about Kenya being an agricultural country. I think what we should do is to look at Kenya as an agricultural country and put every effort into developing agriculture. In the Budget Speech, agriculture, catchment of rain water and dams has been mentioned. For a long time in this country, tea, coffee or livestock farmers relied on dams that they dug in their farms for rain catchment. At no time did mother nature think that livestock was going to be watered with piped water. We have put a lot of emphasis on piped water and forgotten the dams. A long time ago, when I travelled from school to my home, I noticed that every old man who had cattle had his own dam. This was because that was the mainstay of keeping livestock. For a long time we have left this major sector to donors who have been constructing the so-called pans, where you move the soil, form an embankment and then call it a dam. But during the heavy rains, the river banks burst and that is money gone down the drain and Kenyans are left to pay the money that was borrowed to construct those dams. We must be serious in constructing those dams. They must be dug in such a way that they will retain water for about three months. Where I come from, the worst drought can only be for about three months. Then, we have very good rainfall. So, if we construct dams, we will be able to satisfy the agricultural sector, particularly livestock. But we should not forget the fact that there is a serious outbreak of tsetse flies in the whole country.

As much as we are talking about livestock, and we are not seriously addressing the question of tsetse flies, we are not going to invest in livestock. I am a very small-scale livestock farmer. I have, maybe, 20 cows and about 30 goats. But, recently, I lost five of them due to tsetse flies. Coupled with the drought, they could not survive.

Mr. Temporary Deputy Speaker, Sir, going back to how we are going to raise that money, a lot has been said about taxing the kerosene users. As much as I can say, there is no way we are going to develop unless we tax Kenyans. But you must realise that the kerosene users are using the money that has already been taxed from the salaries which they earn. The salaries are sent to them to buy kerosene for their small lamps. There is no large-scale kerosene user in the country. So, I do not know how much the Minister wants to raise out of kerosene. How much would that small cup-like lamp use in one week? How much tax and revenue would you gather from that to construct dams? That is one area where the general public are seeing that we are taxing them unfairly, when they are living in poverty. In fact, we should subsidise them, rather than tax them. How can you go to the base of the village and tax somebody who is living in a grass-thatched mud hut for even lighting? He only lights that lamp to see where he is going to sleep. He cannot use that lamp for study or light in the house.

Mr. Temporary Deputy Speaker, Sir, going back to the co-operatives, we must address them very seriously. We must look at them in such a way that they must help the people. Most of our co-operative officers have not been very strict. Many of our co-operative societies have collapsed because co-operative officers have not been very strict and they are corrupt. The cotton industry in my area has collapsed because of co-operative officers. Let us find a way to help our people develop co-operative societies, particularly in cotton growing areas.

The fish industry is not benefiting the people at the grassroots level. It is because they are not organised in a co-operative way. They are not organised to bargain for the prices of fish. That is why we are stressing that rural electrification should be a major factor to be developed, so that we can develop agriculture, the fish industry and other industries. At the moment, once fish is caught, it cannot be returned because the prices are bad. So, the person who buys fish and takes it to town for sale or export is the one who dictates the price. The same big man can buy a big vehicle to transport fish. But the fisherman will never go beyond his dugout canoe!

Mr. Temporary Deputy Speaker, Sir, we must have a way of developing finances. Here, we are talking about micro-finances. We must be serious on that. It must be finance that is given to a farmer or a trader. That is the finance that will take him through. Right now, people are being harassed; that, at one time, they were given Kshs5,000 to develop their farms. A lot of money has been written off in this country, but those fellows are being harassed by auctioneers because of Kshs5,000, which has now grown to Kshs30,000. What did you want them to achieve out of

Kshs5,000 ten years ago? Nothing! They are saying that, that was done during an election. We should divorce the same from the election period. Somebody told them: "Just take it! Maybe, you will not pay!" Now, they are being harassed! Why? Why do we not just forget that and create a fund that can help them to tell us: "Buy seeds and we will harvest." While doing that, that finance will secure the food security in those particular areas, so that the food is not bought by some rich people, stored and taken back to them at ten times the price that the man spent to buy it.

Mr. Temporary Deputy Speaker, Sir, I was looking at the development of human resource. But when you look at the rural areas and the fees structure, we will never develop the human resource that can turn around the economy of this country. The fees structure and the income of those fellows in the rural areas cannot sustain human development. We should look into that and see to it that when we are developing the fees structure, it is responsive to the people that we want to pay fees, so that, at the end of the day, Kenya will turn around to be a developed nation in the year 2020.

With those few remarks, I beg to support.

QUORUM

Mr. Angwenyi: On a point of order, Mr. Temporary Deputy Speaker, Sir. Are Members from the Opposition side boycotting Parliament today? Is there a quorum in the House?

The Temporary Deputy Speaker (Mr. Imanyara): No, we do not have a quorum. Ring the Division Bell.
(The Division Bell was rung)

The Temporary Deputy Speaker (Mr. Imanyara): Order! Hon. Members, we now have a quorum. Does any Member want to make a contribution?

Yes! Mr. Ochilo-Ayacko can go on.

Mr. Ochilo-Ayacko: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me an opportunity to contribute to this Budget Speech.

I would want to take this opportunity to thank the Minister for giving that very good Budget proposal. This is the first Budget Speech that has been read in this House in four years that has indicated that this country can dispense with the donors. The so-called donors have been holding this country at ransom. Year in, year out, they have been taking this country in circles. They have been saying one thing or proposing that they would fund the Budget of this country this year or the other, but declining to do so when such funds are absolutely necessary. So, when the Minister, in his Budget Speech and proposals, indicated that there would be little or no reliance upon donated funds, that was a milestone or progress in this country. It is time we became self-reliant. It is time we relied on ourselves. It is time we determined our own fate without relying on persons who are least interested in our country.

Mr. Temporary Deputy Speaker, Sir, the donors have put so many conditions and some of them infringe on the very sovereignty of the legislative work of this House. You will find that some donors have the temerity or rudeness to tell us what to legislate and what not to legislate. They are doing so because they think we are poor. I am sure, even if you were a poor person and you live in your house with your family, wife and children, some of those rights, while you are carrying out your domestic functions, should be left to you. So, it is an act of rudeness and unkindness for a country whether it is richer than this country or not, to try to impose upon this country some pieces of legislation that do not take into account the domestic details of this country. So, this being the first step towards reclaiming our sovereignty in terms of budgeting, I believe that the maiden Budget of hon. Obure was a very good Budget and should be supported in an unqualified manner by Members of both sides of the House.

Mr. Temporary Deputy Speaker, Sir, the only lamentable problem that we have in this Budget is that it does very little to sugar-cane farmers. I represent Rongo constituency and our economic lifeline is sugar-cane growing. Right now, the farmers I represent are fearing that with the enactment of the Sugar Act, it is very likely that sugar-cane prices will be negotiated downwards. Now, there is a looming riot. Should anybody attempt to negotiate the rate of payment of sugar-cane farmers downwards, I am afraid we will close down those factories and we shall opt for other ways of making money. That will be very bad to this country. It will not be bad just to the farmers who I represent, because there is nothing sweeter than sugar. I can see hon. Angwenyi is nodding in acquiescence.

Mr. Temporary Deputy Speaker, Sir, what needs to be done in the sugar sector that ought to have been addressed in this Budget is to find ways and means of protecting the sugar-cane farmers from imported sugar that has evaded duty, or that has been dumped here because it is a by-product in the countries producing it. Now, the Minister is a neighbour of sugar-cane farmers and I am sure his electorate would be very happy if his neighbours in Rongo and in other areas in Nyanza and Western Kenya are able to earn more. So, there is need to put punitive duties against importers of sugar. There is also need to try and allocate funds. I know that funds are limited and I know that it is the policy of the Government to divest from investing in parastatals.

However, sugar-cane growing being a major provider of employment in rural areas, just like coffee and tea, for us to stop rural urban migration and ensure that people are employed in rural areas, I think it is time we invested once and for all, and for the last time, in agro-based industries so that factories like Nzoia are given Kshs1 billion or Kshs2 billion for the last time to be on their feet. Factories like SONY should equally be given Kshs1 billion or Kshs2 billion for the last time, before we divest so that the people who depend on such factories directly or indirectly are able to earn their livelihoods, contribute to the economy of this country as taxpayers, and also contribute in building institutions like schools the way we contribute in building them wherever we come from.

Mr. Temporary Deputy Speaker, Sir, I read in the newspapers that there was an attempt by local car manufacturers or assemblers to reduce prices of vehicles. But when I enquired, because I wanted to buy a vehicle for the campaign, I found out that the reduction was insignificant. The amount of money that they propose to reduce is a drop in the sea. I would want to urge the very good Minister, who is also a very good friend and who went to our very good school, Kamagambo High School, to do something about these locally assembled vehicles. If you look at the average income of Kenyans; the middle class, I do not think they are earning over Kshs50,000 per month. There is no vehicle that has been priced at less than Kshs1 million. So, if the objective was to have the prices of locally assembled vehicles reduced, then it has not been realised in this Budget. I would urge the Minister to study keenly the budgetary provision that was made, in order to make a proper reduction that would have effect in this House.

Mr. Temporary Deputy Speaker, Sir, there was also an attempt to raise duty or charges related to second-hand vehicles. What we can afford in this country are second-hand vehicles, and I am sure Members who are---

Thank you, Mr. Temporary Deputy Speaker, Sir.

The Assistant Minister for Agriculture and Rural Development (Mr. Sumbeiywo): Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me this opportunity to contribute to the Budget Speech. On the outset, I would like to congratulate the Minister for Finance for having been able to balance this year's Budget from the local resources rather than relying on donor funds, as has been the practice in the past.

Mr. Temporary Deputy Speaker, Sir, I would also like to say that consideration should have been made to reduce the cost of farm inputs because this country is dependant on agriculture. If it is possible, the Minister should, in future, ensure that all farm inputs, including machinery, are considered for tax reduction so that farmers can produce enough food instead of relying on imported food. I would also like to thank the Government for having found a market for our maize and wheat.

The construction of dams in arid and semi-arid areas is important because the people who live in those areas, today, rely on rain water. But when there is drought, like it normally happens once in a while, these people suffer quite a lot, and yet, we allow our water to flow into Lake Victoria and eventually end up in foreign countries. Our people need to harness this water. We need to construct dams and also use the same water in these dams to irrigate our arable land in arid and semi-arid areas, like North Eastern Province, parts of Eastern Province and also in the northern part of Rift Valley. Mr. Temporary Deputy Speaker, Sir, according to the Budget, there is acceleration of reforms in local authorities which has always been the backbone and the source of funds for the Government. We should allow the local authorities to revert to their original role of constructing roads in areas within their jurisdiction. We need to allocate them more money and allow them to collect revenue from the forests and traders in the local authorities, if we expect them to carry out this duty. Some speakers have said that LATF money has been wasted, but I would like to disagree with them. In some areas, like the one I represent, I would like to say that LATF money has been spent well because the communities that have benefitted have been able to construct schools and dispensaries.

Mr. Temporary Deputy Speaker, Sir, I would like also to say that the proposal to remove VAT on all cotton ginneries and textiles was well-thought because this will encourage cotton farmers to produce more cotton at cheaper rates. I am sure the price of cotton will go up as a result of the amount of cotton that is going to be produced with the removal of VAT.

Mr. Temporary Deputy Speaker, Sir, the reduction of VAT on locally assembled vehicles will go a long way in helping the small Kenyans who cannot afford expensive vehicles that are imported. This will also reduce the importation of the so-called *mitumba* vehicles that have flooded the market. Today, Kenyans have a lot of problems as far as poverty is concerned, and the idea to reduce VAT on locally assembled vehicles will enable most of them to purchase vehicles. I think Kenya needs to go a bit further on this particular item by producing locally manufactured vehicles. In the past, the Kenya Government had set aside about Kshs500 million to produce the Nyayo Car. I do not know what happened, but the idea was abandoned half-way and was not completed. I would urge our universities and other institutions like the polytechnics to help in the manufacture of these vehicles so that we can facilitate farming.

As I said earlier on, agriculture is the backbone of this country. I am sure that farmers need to be cushioned so that they can produce enough food for local consumption and for export. In order to do that, we need to help the farmers to get loans at a cheap rate. Currently, the farmers depend on commercial banks for the money they spend on farm inputs. We should introduce a bank where farmers can get loans at about 10 per cent interest or less than 15 per

cent, because they cannot afford to pay an interest rate of about 25 to 30 per cent. A farmer needs at least Kshs1,000 to produce at least a bag of maize. I am speaking from experience because I am a farmer by right. Having been a farmer for all these years, I know it is very expensive to produce maize.

With those few remarks, I beg to support.

The Assistant Minister for Foreign Affairs and International Co-operation (Mr. Muchilwa): Thank you, Mr. Temporary Deputy Speaker, Sir for giving me an opportunity to contribute on this Motion. First of all, I would like to congratulate the Minister for Finance, Mr. Obure, for presenting an excellent Budget under very difficult conditions. In doing so, I am sure he had the benefit of having been a very good Minister for Agriculture and Foreign Affairs and International Co-operation. From those two platforms he could see, first of all, the importance of agriculture in development, and he must have also travelled all over the world to see how agriculture helps countries develop.

All these developed countries started with agriculture. Even great countries like America had to start with agriculture. When the Irish went to America, the forefathers of the Kennedys, they had nothing as a result of a famine which was caused by potato diseases. When they reached there, they farmed alongside others there, and now America is a superpower. So, Kenya should not be an exception. We should not re-invent the wheel. We have got to follow the same steps that these developed countries followed to reach where they are now. The key to that is to start with agriculture. At Independence, the white farmers did not want to leave the country because they were making money. When they came to this country some of them were given a lot of land having fought in colonial wars. When they reached here, they made money and they did not want to leave. The only reason they accepted to leave is that Kenyans fought them so that they could relinquish power. They relinquished power because the British Army had no capacity to guard all their farms. It was not possible for a person growing wheat on 3,000 acres of land to have an army guarding it. There were farms stretching all the way from Mt. Kenya, Mt. Elgon to Mt. Kilimanjaro. They could not raise an army to guard those farms and that is why they left. Had they had the capacity to hang on, they would have continued farming and become very rich.

At Independence, we did well because we inherited the systems that they had put in place. We inherited the boards that they had, like the National Cereals and Produce Board. We also got the KCC and other corporations. We inherited these corporations and did very well just after Independence. Trouble started when we started ignoring farming. That is when our economic growth rate started decreasing. The countries which we were at par with, like Indonesia and Singapore, and others which we were ahead of like South Korea which was then at war, started overtaking us. Now they are so far ahead that it is difficult to imagine that we were at par with them. All this was as a result of our ignoring agriculture. We ignored what made Kenya grow.

You cannot grow without finances. In the agricultural field it is obvious that calamities occur because agriculture depends on the vagaries of the weather. In the old days, there was the Guaranteed Minimum Return (GMR). If a farmer ploughed a lot of acreage and lost it all during drought, an assessment was done and his loan written off. As time passed, the GMR was abolished and those who were loaning funds to farmers, like the Agricultural Finance Corporation (AFC) found that they had no money. We thought that we were wasting money by injecting it into the AFC. We were not wasting money. We were actually doing the right thing by funding that sector, because we helped create employment. Had we not done so, those employed in this sector would have had to resort to other means of survival and the country would have had a lot of problems of insecurity, particularly these days when there are so many guns around. This is because no number of police officers could be employed to control these people who would have otherwise been self-employed had they been assisted. So, the cost of helping the farmers is cheaper than the cost of leaving them to struggle on their own until there is nothing and poverty increases. Then, we begin running around looking for police officers and Kenya Army officers who we have to pay using borrowed money from the system. The more we borrow, the more interest accrues, and so on. So, we end up in a vicious cycle.

Mr. Temporary Deputy Speaker, Sir, I was very happy, therefore, to see the Minister for Finance doing his best to address the farming sector. I would urge him to go even further and make sure that all loans advanced to the farmers through AFC and other institutions are written off. It makes no sense for the Government to write off commercial loans to companies like Kenya Airways and fail to write off loans to AFC. It does not make any sense at all! The agricultural sector employs a lot more people than the number of people Kenya Airways or any company like that will ever employ.

You cannot have agriculture without a market. Somebody has cheated the developing countries that it is wrong if we protected our agricultural sector; that, we should liberalise the market. The same countries that are telling us to liberalise are the same ones who are paying their citizens not to grow, like the United States of America. These are the countries which are haggling even now - the USA and the European Union - over markets of steel and other products. We should put our foot down and know when we are being told the truth and being deceived because, ultimately, Kenya is ours. If we allow oranges, eggs, expired powdered milk and other commodities to come from South Africa under the umbrella of liberalisation--- Fortunately, the Minister is doing something about it.

Mr. Temporary Deputy Speaker, Sir, if we allow sugar to be imported from Sudan, because we have COMESA, we forget that Arabs, who are mainly Muslims, do not believe in interest rates. So, when banks lend money to Kenana Sugar Company, they do so at hardly any interest rate. But when banks lend money to Mumias Sugar Company or Nzoia Sugar Company or any of our factories, they lend it at very high interest rates. We even forget that Osama bin Laden was in Sudan! We do not know whether he was part of the financing of those deals. We do not know where the money came from. We do not know whether, for example, those factories were financed by funds from drugs, because in this country---

I am not trying to say that I support drugs; I do not support taking of drugs. But in this country, it was only recently that developed countries said that they do not want money laundering. They are saying so, having forgotten that they themselves developed from such money. Now that they are satisfied---

The Temporary Deputy Speaker (Mr. Imanyara): Order, Mr. Muchilwa! Time is up! That is not a salient point.

The Assistant Minister for Foreign Affairs and International Co-operation (Mr. Muchilwa): Mr. Temporary Deputy Speaker, Sir, I beg to support.

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Imanyara): Order, hon. Members! It is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Wednesday, 19th June, 2002, at 9.00 a.m.

The House rose at 6.30 p.m.