

NATIONAL ASSEMBLY

OFFICIAL REPORT

Wednesday, 24th June, 1998

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

PRAYERS

NOTICES OF MOTIONS

Mr. Mwenje: Mr. Speaker, Sir, I beg to give notices of the following Motions:-

INCREASE OF LOCAL AUTHORITY WARDS IN NAIROBI

THAT, in view of the fact that the City of Nairobi will soon be divided into boroughs; in accordance with the Omamo Commission Report; aware that the constituency boundaries are also the administrative boundaries and, noting that the population of the City has increased tremendously, this House recommends that the Local Authority Wards in Nairobi be increased by ten.

SUB-DIVISION OF NAIROBI CITY INTO DISTRICTS

THAT, taking into consideration that the population of Nairobi City has increased tremendously; aware that the Omamo Commission recommended the division of Nairobi into boroughs, and also being aware that the constituency boundaries are also administrative boundaries, this House recommends that Nairobi City be divided into four districts with respective District Commissioners.

Thank you, Mr. Speaker.

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

AMENDMENT OF RENT RESTRICTION TRIBUNAL ACT

THAT, in view of the fact that elected Members are the ultimate custodians of the interests and welfare of all Kenyans, conscious of our duty to protect and defend, both tenants and landlords; aware of the current economic conditions in our country, this House urges the Government to amend the Rent Restrictions Tribunal Act Cap 296, especially Section 2, Sub-section (1)(c), with a view to increasing the applicable mandatory limit of rents, from Kshs2,500 per month to Kshs10,000 only.

Mr. Speaker: Order! By the way, Mr. Mwenje, are you in the Shadow Cabinet?

Mr. Mwenje: Mr. Speaker, Sir, but I am acting.

Mr. Speaker: Order! Are you, or are you not?

Mr. Mwenje: I am acting in the Shadow Cabinet.

Mr. Speaker: There is no such a position! In future, you better address the House from the back row, unless you are---

Mr. Mwenje: When I am not acting, Mr. Speaker, Sir.

Mr. Speaker: Order! Order! There is no such a position known, at least, by the Chair. So, I urge you very kindly to speak from your lawful place.

Okay, very well, thank you.

ORAL ANSWERS TO QUESTIONS

Question No.253

GAZETEMENT OF *IDD HAJJ* AS A PUBLIC HOLIDAY

Ms. Matano aliuliza Waziri wa Nchi Katika Afisi ya Rais:-

(a) kama anafahamu kwamba Waislamu wana siku kuu mbili, yaani *Idd Fittr* na *Idd Hajj* kwa mwaka, kulingana na kalenda ya Waislamu;

(b) kama anafahamu zaidi kwamba *Idd Hajj* ni sherehe ya maana katika itikadi za Kiislamu; na,

(c) ikiwa ni hivyo, kama Waziri anafikiria kuifanya *Idd Hajj* kuwa siku kuu ya kitaifa ili Waislimu waweze kuwa na siku kuu mbili za kitaifa kwa mwaka humu nchini.

The Assistant Minister, Office of the President (Mr. Angwenyi): Bw. Spika, naomba kujibu.

(a) Ndio, ninafahamu kwamba *Idd Fittr* na *Idd Hajj* ni siku muhimu sana katika kalenda ya Waislamu. *Idd Fittr* ikiwa ni siku kuu ya umma ya mapumziko hapa nchini Kenya, *Idd Hajj* si siku kuu ya umma ya mapumziko hapa nchini. Hata hivyo, Waislamu huiadhimisha siku hiyo kulingana na mafundisho na kanuni za dini yao.

(b) Ndio, ninafahamu ya kwamba *Idd Hajj* ni siku muhimu katika kalenda ya Waislamu.

(c) Hakuna mipango yeyote ya kutangaza *Idd Hajj* kuwa siku kuu ya kitaifa ama siku kuu ya mapumziko. Asante sana, Bw. Spika.

Ms. Matano: Bw. Spika, Bw. Waziri Mdogo anaweza kutueleza kama ana sababu muhimu zilizomfanya akatae kutupatia siku kuu hii?

Mr. Angwenyi: Asante sana, Bw. Spika. Kuna siku kuu za kidini na kuna siku kuu za umma, ambazo watu wote katika Kenya wanapumzika. Siku hizo ni kama siku kuu ya Madaraka, inayosherehekewa tarehe moja Juni; siku kuu ya Moi, inayosherehekewa tarehe kumi Oktoba; siku kuu ya Kenyatta, tarehe 20 Oktoba; na, siku kuu ya Jamhuri, Desemba 12. Siku kuu nyingine ya kidini ni ile ya Krismasi, tarehe 25 Desemba. Na pia, siku ya *Idd Fittr*, ambayo ni ya Kiislamu.

Mr. Badawy: Bw. Spika, nimeingiwa na wasiwasi, nilipomsikia Bw. Waziri Mdogo akisema kwamba kuna siku kuu za kitaifa na siku kuu za kidini. Pia amesema kwamba *Idd Fittr* ni siku kuu inayoadhimishwa katika taifa nzima. Anaweza kutofautisha vipi baina ya *Idd Fittr* na *Idd Hajj*, kwa sababu *Idd Fittr* pia ni siku ya kidini?

Mr. Angwenyi: Bw. Spika, najua kwamba mwenzangu, mhe. Badawy anaelewa sana dini ya Kiislamu. Anajua tofauti kati ya *Idd Fittr* na *Idd Hajj*. Lakini kama anataka nimueleze; *Idd Fittr* huadhimishwa kukamilisha mwisho wa mwezi mtukufu wa Ramadhani na *Idd Hajj*, huadhimishwa siku kumi baada ya kuonekana kwa mwezi, baada ya *Idd Fittr*.

Mr. Shill: Mr. Speaker, Sir, I would like to ask the Assistant Minister to tell this House the procedures for declaring any day a national day?

Mr. Angwenyi: Asante Bw. Spika. Siku ya Taifa ni ile siku ambayo taifa lote linapumzika na kusheherekea.

Mr. Shill: Mr. Speaker, Sir, the question put to the Assistant Minister is: "What is the procedure used?" He is telling us something different. Can he be specific on how a national day is declared?

Mr. Speaker: That is an Act of Parliament!

Mr. Shidie: Bw. Spika, siku ya *Idd Fittr* ni siku ya kukamilisha Ramadhan. Siku ya *Idd Hajj* huwa kubwa kuliko *Idd Fittr*. Ni mbinu gani inatumiwa ili siku ya *Idd Fittr* iwe kubwa kuliko siku ya *Idd Hajj*?

Mr. Angwenyi: Bw. Spika, siku ya kidini ambayo Serikali na wananchi wa Kenya wanasheherekea hufuatia maombi ya hiyo dini. Dini ya Kiislaamu ndiyo iliomba *Idd Fittr* iwe siku kuu na Serikali ikakubali. Hayo mambo mengine hawajaomba.

Ms. Matano: Asante Bw. Spika. Bw. Waziri amesema wazi kwamba jambo hili lilikuwa halijaombwa. Ikiwa jambo hili lilikuwa halijaombwa, basi leo ninaliomba.

Mr. Angwenyi: Bw. Spika, asante sana. Unajua, ukiomba kitu ni lazima ufuata sheria fulani. Wewe ukitaka uliza, tutakueleza jinsi ya kuomba.

Question No. 131

DELAYED PAYMENT TO SUGAR-CANE FARMERS

Mr. Kapten, on behalf of **Mr. Wafula**, asked the Minister for Agriculture:-

- (a) whether he was aware that Nzoia Sugar Company Limited has not paid sugar-cane farmers for their cane harvested and delivered to the factory amounting to Kshs300 million; and,
 (b) what urgent steps the Government was taking to ensure that sugar-cane farmers are paid their dues without any further delay.

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

(a) I am not aware that farmers are owed Kshs300 million, but I am aware that they are owed Kshs231 million.

(b) With effect from March, 1998, the Nzoia Out-growers Company did agree that farmers' payments be made for cane harvested within that day. In addition, the company will pay another Kshs3 million per week to offset the arrears outstanding as at 28th February, 1998.

Mr. Kapten: The Assistant Minister must be joking. As I am speaking, the farmers in Nzoia Sugar Company have not been paid a sum of Kshs300 million. If the Assistant Minister says that the Nzoia Out-growers Company agreed that farmers' payments be made for cane harvested within that day, how much money has been paid to the farmers?

Mr. Karauri: Mr. Speaker, Sir, since that time, an amount of Kshs69 million has been paid to the farmers. That was paid in the month of May. Farmers have been paid for all the cane that was harvested and delivered between March and April, 1998, a total of Kshs14.6 million.

Mr. Munyasia: Mr. Speaker, Sir, I am surprised by the answer that the Assistant Minister has given. He says that the agreement was made in March. Is he aware that because the management had defaulted on the first agreement - so they have not been making any payments - there was a meeting again on 15th June, between Nzoia Out-growers Company and the management of Nzoia Sugar Company? What was the agreement reached at that particular meeting because that is the latest meeting that was held?

Mr. Karauri: Mr. Speaker, Sir, the meeting resolved that Nzoia Sugar Company should negotiate with the Kenya Sugar Authority for a loan to offset the arrears.

Mr. Kapten: Mr. Speaker, Sir, the Assistant Minister is misleading this House. I know that the Kenya Sugar Authority has made a recommendation that the Nzoia Sugar Company should not be given any loan by the Kenya Sugar Authority. The Assistant Minister says that farmers are supposedly paid Kshs3 million per week, how much money was paid last week?

Mr. Karauri: Mr. Speaker, Sir, it is not the issue of how much money was paid last week, but as per 12th June, Kshs3 million was paid to farmers. Mr. Speaker, Sir, let me add that farmers who have difficulties and especially school fees are given money by the company. Priorities are given to those whom the company owes money.

Mr. Magara: On a point of order, Mr. Speaker, Sir. Is it in order to keep Members of Parliament in this cold condition, more especially my old brothers like hon. Ng'eny?

Mr. Speaker: Order! Are you suggesting that I should give hon. Members blankets?

(Laughter)

Mr. Munyasia: Mr. Speaker, Sir, are you satisfied that hon. Karauri answered the Question asked by hon. Wafula? Hon. Wafula wanted to know what

urgent steps the Government is taking. I have been listening to the Assistant Minister answering that Question and I have heard him saying that the Government is going to take action. He is telling us what the management of Nzoia Sugar Company is going to do. What is the Government doing? Is it not in order to ask him to tell us what steps his Government is going to take to ensure that the farmers are paid?

Mr. Karauri: Mr. Speaker, Sir, I do not know whether the hon. Member was listening. I have said that the company is negotiating with the Kenya Sugar Authority, which is under the Ministry of Agriculture. When we say that they are negotiating, we are allowing free will so that they agree on how the money is going to be paid, so that the money they get can offset the loan.

Question No. 208

Mr. Otita asked the Minister for Public Works and Housing when the Ministry will up-grade and make all-weather the road connecting Awasi Market in Nyando and Katito Market in Nyakach which has been neglected to the that extent that it is no longer motorable.

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

The Ministry has no immediate plans to upgrade Awasi and Katito Roads. However, in this Financial Year, we have set aside funds to adequately maintain this road.

Mr. Otita: Mr. Speaker, Sir, the answer given by the Assistant Minister is very unsatisfactory. He says that there are no immediate plans to upgrade this road, and goes on to say that funds have been set aside to maintain this road. In fact, the two answers are contradictory. I think, the Assistant Minister does not know the importance of this road.

Could he tell us how much money has been set aside for the maintenance of this road and when the work is going to begin?

Mr. Khaniri: Mr. Speaker, Sir, we are just beginning a financial year, and the estimates have been done. We will use Kshs160,000 for grading the road, thereafter, we will set aside funds for constant maintenance.

Mr. Speaker: Very well! Next Question!

Question No.189

RE-SURFACING OF MURANG'A-OTHAYA-
NYERI ROAD

Mr. Michuki asked the Minister for Public Works and Housing when the repair and re-surfacing of Murang'a-Kangema-Othaya-Nyeri Road will commence.

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

The repair and resurfacing of Murang'a-Kangema-Othaya-Nyeri Road commenced on 20th March---

Mr. Shill: On a point of order, Mr. Speaker, Sir. Is it in order for the Assistant Minister to keep replying to Questions from the Back Bench, while the Front Bench is not congested?

Mr. Speaker: Mr. Khaniri, could you move to the Front Bench?

(Mr. Khaniri moved to the Dispatch Box)

The Assistant Minister for Public Works and Housing (Mr. Khaniri): Mr. Speaker, Sir, I was used to the microphones at the Back Bench. So, I am yet to get used to this one on the Dispatch Box. However, I beg to reply.

The repair and re-surfacing of Murang'a-Kangema-Othaya-Nyeri Road commenced on 20th March, 1998 from Nyeri side. The works are programmed for completion by 30th December, 1998.

Mr. Michuki: Mr. Speaker, Sir, the contract for this road was awarded in April, 1994. The contractor, HZ, started works from the Murang'a side, patching up in preparation for resurfacing. For a week, he worked day and night, because the President was going to Kahuhia where the road passes. He then disappeared all together.

Could the Minister confirm or deny that the works started on the Nyeri side are actually for Marua-Nyeri-Kiganjo Road and not Nyeri-Othaya-Kangema-Murang'a Road?

Mr. Khaniri: Mr. Speaker, Sir, I can confirm that these are two different projects and they are all being undertaken by the same contractor. This contractor has contracted for Makutano-Sagana, Marua-Nyeri-Kiganjo, Marua-Loop, Murang'a-Kangema and Kangema-Nyeri Roads. So, probably, that is where he has just started, and eventually he will come to Kangema-Murang'a Road.

Mr. Ngure: On a point of order, Mr. Speaker, Sir. Why was this particular contractor awarded so many contracts when we have so many other road contractors?

Mr. Speaker: That is a point of argument!

Mr. Michuki: Mr. Speaker, Sir, from April 1994, to April 1998, the number of years is obvious without calculating. But, this is a position where the contractor refuses to do the job and the Ministry is afraid of taking the contract from him. The Ministry cannot repair the road by itself, because it is in the hands of the contractor. So, we are caught up in a situation where there is no performance. Could the Minister undertake to cancel that contract and award it to someone else who can do it as the favoured HZ does the other roads? This is because, the state of this road has deteriorated, and this is the fourth Question I have brought to this House regarding this Road, and yet, the Ministry has done nothing.

Mr. Khaniri: Mr. Speaker, Sir, as far as I know, the contractor is on the site. He has started the work from the Nyeri side, and eventually he will get to Kangema. We have no plans of awarding the contract to another contractor.

Mr. Wamae: Mr. Speaker, Sir, could the Assistant Minister confirm to this House that HZ has been given a down-payment of about Kshs1 billion for both roads, and has not even done half of the job?

Mr. Khaniri: Mr. Speaker, Sir, the contractor would have done much than he has done now, were it not for the bad weather condition we experienced earlier in the year.

Mr. Keriri: Mr. Speaker, Sir, this contract started in 1994 as hon. Michuki has said. Could the Assistant Minister assure this House that this contractor - who in fact, did the Makutano-Makutano-Sagana Road, which is riddled with potholes after a month of completion - is going to do a better job, than what he has been doing since 1994?

I would like to inform the Assistant Minister that the contractor was on site in 1994, and did a shoddy job on Makutano-Makutano-Sagana Road and left. He then came back in 1996, did a lot of patching which he was paid for. He has now resurfaced the road, and disappeared. Could the Assistant Minister assure this House that the contractor is not going to do a shoddy job?

Mr. Khaniri: Mr. Speaker, Sir, I can give that assurance. But, I would only like to inform the Member that the contract did not start in 1994 as he claims. The contract commenced on April 14th, 1998.

(Several Members stood up in their places)

Mr. Speaker: Order! Order, Members! I still have three ordinary Questions and four Questions by Private Notice. I sympathise with hon. Michuki, but I have to move on now.

Mr. Michuki: Mr. Speaker, Sir, could I please ask the last question?

Mr. Speaker: Okay, the very last!

Mr. Michuki: Mr. Speaker, Sir, could the Assistant Minister deny or confirm that this road has been neglected since the contract was given in April 1994, because it passes through the Opposition zones and that the company is owned by a cabinet Minister who hates the Opposition?

Mr. Khaniri: Mr. Speaker, Sir, I categorically deny that. It is probably important for hon. Michuki to know that a Minister is a citizen of this country and he is---

(Several Members stood up in their places)

Mr. Speaker: Order, all of you, it appears you do not want to hear what he is saying! Next Question!

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

Mr. Speaker: Order, Mr. Kikuyu! I have to go to other Members' Questions now!

Question No.345

IMPROVEMENT OF FISHING INDUSTRY IN LAMU

Mr. Salim asked the Minister for Natural Resources what the Ministry is doing to improve fishing industry in Coast Province and particularly in Lamu District.

The Assistant Minister for Natural Resources (Mr. Lengees): Mr. Speaker, Sir, I beg to reply.

The Ministry has deployed qualified personnel in all districts within Coast Province, including Lamu District. The Government has also initiated a number of development projects.

Mr. Salim: Mr. Speaker, Sir, which are these development projects that have been initiated by the Ministry?

Mr. Lengees: Mr. Speaker, Sir, there is an on-going boats yard rehabilitation project in Lamu District. This project has been allocated £20,000 during the 1998/99 Financial Year. There are also plans to revive the stalled Mukowe Ice Plant. This project has also been allocated £40,000 in the 1998/99 Financial Year.

Mr. Badawy: On a point of order, Mr. Speaker, Sir. Does the Assistant Minister appreciate that one of the greatest impediments to the advancement of Coast fishermen is the trawler menace? The Ministry has refused to curb this menace, as it has done in the case of Lake Victoria. Why has the Ministry refused to control trawler fishing within the coastal waters?

Mr. Lengees: Mr. Speaker, Sir, if the hon. Member wants that information let him put a Question. I

cannot answer him because I do not have the relevant details now.

Mr. Speaker: What did you say, Mr. Lengees?

Mr. Lengees: Mr. Speaker, Sir, I said that that is a different question and I have no details for it.

Mr. Salim: Mr. Speaker, Sir, is the Assistant Minister aware that pieces of land in Bamburi and Port Reitz have been allocated to individual people? As a result, fishermen cannot go through these routes. This is one way of discouraging fishing at the coast. Foreigners have now been allowed to do fishing. Is he aware of that?

Mr. Lengees: Mr. Speaker, Sir, I am not aware of that.

Mr. Salim: On a point of order, Mr. Speaker, Sir. Is the Assistant Minister aware that the Mokowe House Plant has not functioned since it was established? Can he inform this House how many fishermen have been evicted from schemes in Coast Province?

Mr. Lengees: Mr. Speaker, Sir, I said that the Mokowe Ice Plant stalled a long time ago. The Government has allocated the plant £40,000 in the 1998/99 Financial Year.

Question No.089

COMPLETION OF GIKUI-MWERU WATER PROJECT

Mr. Murungi asked the Minister for Water Resources:-

- (a) how much money the Government had allocated for the completion of Gikui-Mweru Water Project in Igoji Division, South Imenti; and,
 (b) when the project would be completed.

The Assistant Minister for Water Resources (Mr. Mokku): Mr. Speaker, Sir, I beg to reply.

(a) The Government, through my Ministry, has contributed a total of Kshs1,382,500 to Gikui-Mweru Water Project. However, I wish to clarify that this project is lucky to have received this financial support from the Government. This is because the project is a self-help water supply project, of which my Ministry involvement should be limited to technical assistance.

(b) Since the project is a self-help one, its completion will depend on the ability of the local community and wellwishers to finance its implementation. I urge the hon. Member to mobilise his community in order to finance the project.

Mr. Murungi: Thank you, Mr. Speaker, Sir. The Assistant Minister is doing a lot of damage to the KANU Government. For a Government to be believed by the people, it should do what it has promised them. During the Seventh Parliament, two Cabinet Ministers said that the Government would complete this project. The Ministers said that they would provide Kshs20 million to complete the Gikui-Mweru Water Project. Last year, we were told that the Government had set aside Kshs10 million for this project. Can the Assistant Minister tell this House what happened to the Kshs10 million allocated to this project last year? Who has "eaten" that money?

Mr. Mokku: Mr. Speaker, Sir, there is no money which was "eaten" as alleged by the hon. Member. I said earlier that this is a community project. The Minister has chipped in with the amount of money I have mentioned. The Government contribution to the project, through this Ministry, was effected during the 1996/97 Financial Year, and the amount was Kshs712,500. In 1997/98, an additional amount of Kshs670 was allocated to that project. There was no Kshs10 million allocated for the project as alleged by the hon. Member. This project could not get further funding this year because it was among the projects which were of low priority to the Government.

Mr. Murungi: Thank you, Mr. Speaker, Sir. As a matter of fact, in the Budget of last year this project was allocated Kshs10, million. We followed up the matter with the Ministry Officials. They told us that it was a mistake which was to be corrected and the figure would be adjusted to Kshs10 million. We expected this to be done. Since the Assistant Minister is ignorant of these facts, can he go back to the Ministry and find out what happened to the Kshs10 million instead of saying that this is a community project? We want to know what happened to the Kshs10 million. We are ready to come back to this House next week after the Assistant Minister has done these investigations. This is how public money is disappearing in this country!

Mr. Mokku: Mr. Speaker, Sir, my friend hon. Murungi was also a Member in the 7th Parliament. I want to assure him that as far as the Ministry of Water Resources is concerned there was no such money allocated to that water project.

Question No.312

PRIVATIZATION OF KNA

Mr. Maore asked the Minister for Information and Broadcasting:-

- (a) when he was planning to privatise or disband the Kenya News Agency; and,
- (b) whether the Agency was generating any revenue for the Government, and if so, how much it was between 1993 and 1997 Financial Years.

The Assistant Minister for Information and Broadcasting (Mr. Ekirapa): Mr. Speaker, Sir, I would ask you to kindly allow me to answer this Question tomorrow. There is one detail in the figures that are being requested that I have not been able to find.

Mr. Speaker: Can we defer that Question until tomorrow?

Mr. Maore: Mr. Speaker, Sir, will the KNA cover that?

(Laughter)

Mr. Speaker: What have you said, hon. Maore?

Mr. Ekirapa: Mr. Speaker, Sir, that is not news and the KNA will not cover it.

Mr. Speaker: I do not understand what the two hon. Members have said. But the Question is deferred.

(Question deferred)

QUESTIONS BY PRIVATE NOTICE

ASSISTANCE TO KIMORIGHO FLOOD VICTIMS

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

(a) Is the Minister aware that 500 families in Kimorigho Location, Taveta Division, have been displaced by floods due to the heavy rains in the month of April this year?

(b) If the answers to "a" above is in the affirmative, what action has the Minister taken to assist the flood victims who are in dire need of shelter, food and medicines?

(c) What measures has the Minister taken to avert such displacements in future?

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

(a) I am aware that 40 families, comprising about 400 people, were affected by the floods as a result of heavy rains in April 1998, in Kimorigho Location, Taveta Division of Taita Taveta District.

(b) The Government supplied the flood victims with 200 bags of relief maize, while the Ministry of Health officials supplied the various drugs that were required. The flood victims were also advised by the local Provincial Administration and public health officers to move to higher grounds [**The Assistant Minister, Office of the President**] in the neighbourhood.

(c) The Government has plans to move a good proportion of the people of Kimorisho Location in the Kibe Settlement Scheme. The settlement programme is in progress and the Government will still look into possibilities of settling others in other settlement schemes within the district.

Mr. Mwakiringo: Mr. Speaker, Sir, why did the Government take too long to come to the rescue of these people? Is the Government satisfied that the 200 bags were sufficient for the 400 families affected?

Mr. Angwenyi: Mr. Speaker, Sir, the Government did not take time. As soon as the case was reported, the Government took action. We believe that the 200 bags were adequate and if they were not, the Member of Parliament can report to the Ministry and action will be taken.

RE-ALIGNMENT OF SULTAN HAMUD-BACHUMA
GATE ROAD

(Mr. Mboko) to ask the Minister for Public Works and Housing:-

(a) Is the Minister aware that the Sultan Hamud and Bachuma Gate Road re-alignment is leaving out all markets between Kiboko and Mtito Andei in Kibwezi Constituency?

(b) Is he further aware that the road re-alignment will adversely affect the river sources on which over 250,000 inhabitants of Kibwezi Constituency depend for drinking water?

(c) Since the road re-alignment will also adversely affect the economic wellbeing of Kibwezi residents, whose average turnover amounts to about Kshs350 million, could the Minister explain why the original road cannot be retained?

Mr. Speaker: Is anyone here from the Ministry of Public Works and Housing? We will leave the Question until the end. Let us move on to the next Question by Private Notice.

RE-INSTATEMENT OF HOSPITAL INTO NHIF SCHEME

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

(a) Is the Minister aware that St. Leonard's Hospital is one of the very few hospitals in Kericho Town that have assisted over the years in offering treatment to emergency cases, especially road accident victims on the Nakuru-Kericho-Sotik Road?

(b) Why has the hospital not been re-instated into the National Hospital Insurance Fund (NHIF) Scheme, despite a court order to that effect?

(c) When will the hospital be re-registered?

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

(a) Yes, I am aware.

(b) St. Leonard's Hospital had been de-gazetted for lodging irregular claims to the NHIF. The hospital was eventually acquitted by the court, but was requested to meet certain conditions for re-accreditation. The hospital refused to meet the conditions and instead, went to court and obtained a court order asking the NHIF to re-instate it, prompting the Attorney-General to file an appeal against the order in the Court of Appeal in the Sub-Registry of Kisumu. Therefore, I cannot to comment on the matter as it is *sub judice*.

Mr. Speaker, Sir, yesterday, you requested me to bring the appeal document today. I have it here with me now and do hereby lay it on the Table.

(Mr. Criticos laid the document on the Table)

Mr. Obwocha: Mr. Speaker, Sir, this hospital is at the centre of my heart. This is because when I got a serious road accident, I was taken there first before being airlifted from Kericho to Nairobi. This purported application that the Assistant Minister has laid on the Table is just an order from the court. I have it and I have read it since yesterday. So, they have not filed any appeal.

Last year, the then Minister for Health, hon. Angatia, promised that when cases involving the NHIF were over, all acquitted hospitals would be re-instated. Since they are just appealing against the order and not the criminal case, what is happening? If they were not satisfied, they should have appealed against the decision in the criminal case. Could the Assistant Minister tell the House what the problem is?

Mr. Criticos: Mr. Speaker, Sir, I would like your guidance as to whether we are infringing the *sub judice* rule or not.

Mr. Speaker: Order! I have looked at the document and there is a notice of appeal duly stamped by the court. I think you have the notice hon. Obwocha. To the best of my understanding of rules and procedures in courts, and I am sure there are lawyers here who can assist me, when you file a notice of appeal, unless you file it out of time, and it is accepted by the court, until it is decided whether or not you are allowed to appeal or not, that should act as an appeal. I think, in my view, unless you can tell me that they were out of time, or they had no right to appeal, I think the best course for us now is to let the law take its course.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. In actual fact, I received a letter this morning from the proprietors of this hospital, with all the details including the order. I would like your further guidance on this matter, in terms of the provisions of Standing Order No. 74. A matter is *sub judice* if it is actually in court. But here is a notice of appeal which has no time limit. It was filed on the 22nd of May and the order was given on the 22nd of May. But now we are nearing the end of June. This is a very important matter concerning a hospital which is treating a lot of people. Can we say that this matter is so *sub judice* that we cannot deal with an urgent matter like this, when we are not even sure why the appeal has not been filed for all that time? This is a matter that goes far back. We need the consideration of the Chair---

Mr. Speaker: This is a grey area for me and I need to look at it properly.

Mr. Anyona: Mr. Speaker, Sir, could we make a request that the Question be deferred?

Mr. Speaker: I will look at the matter and report back to the House. Therefore, the Question is

deferred. Let us move on to the next Question.

(Question deferred)

OUTBREAK OF DISEASES IN WAMBA DIVISION

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

(a) Is the Minister aware that there is an outbreak of dysentery and diarrhoea in Wamba Division of Samburu District?

(b) What urgent action is the Minister taking to station enough staff and supply drugs in all the dispensaries and health centres in the Division?

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

(a) I am not aware that there is an outbreak of dysentery in Wamba Division of Samburu District. However, there was an upsurge of diarrhoea diseases in the area following the *El Nino* rains, which were experienced in February this year.

(b) The Ministry of Health took the following urgent measures. The health units have been supplied with the necessary drugs, with the latest supply dated 19th of June, 1998. A Clinical Officer has recently been posted to Wamba and the figures of diarrhoea cases have drastically gone down. Only sporadic cases are being treated at the moment.

Mr. Leshore: Mr. Speaker, Sir, this is a very grave issue. When I was there two weeks ago, I attended the burial of two young sons of my cousin who died because of dysentery, and the Assistant Minister is telling me he is not aware. The Medical Officer of Health (MOH) is very much aware of this and he was even very concerned. In fact, he went to the Ministry Headquarters to look for more drugs and fuel to carry out a major campaign in that area. No wonder---

Mr. Speaker: You are now debating, Mr. Leshore.

Mr. Leshore: Mr. Speaker, Sir, I am coming to my question. The Assistant Minister is saying that he has posted a clinical officer there. He is the same Assistant Minister who promised me in 1995 that he was going to post a clinical officer to Wamba, and up to now they have not even posted one. That man is still in Maralal and the MOH is saying that he does not have fuel to take the clinical officer to Wamba. Is the Assistant Minister not misleading the nation and the people of Samburu?

Mr. Criticos: Mr. Speaker, Sir, I did not deny that there is diarrhoea in the area, I denied that there was an outbreak. There was an outbreak in April, not now. These cases are being reduced and since this has been brought to my attention, I can assure hon. Leshore that we will transfer the clinical officer very soon to his place and fuel will be supplied.

Dr. Wako: On a point of order, Mr. Speaker, Sir. The Assistant Minister has just told us that he has already posted a clinical officer. He has further said that he is going to post the clinical officer whom he has been posting since 1995. Can the Assistant Minister give us the assurance because our people are dying of dysentery? People are dying because of lack of personnel and drugs. Can the Assistant Minister give the House the assurance that this action is going to be taken now, if it was not taken yesterday?

Mr. Criticos: Mr. Speaker, Sir, we have already posted somebody there and his name is Kipyegon Toweett. The only problem has been the breakdown of vehicles, but since this has been brought to my attention, I can assure this House that by this weekend, the clinical officer will be there.

Mr. Ndwiga: Thank you, Mr. Speaker, Sir. The North-Eastern Province, particularly Samburu District and other areas, are going to be affected by dysentery and other diseases because there is a lot of toxic waste buried in those areas. That issue did arise in this House last week. Could the Assistant Minister confirm to this House that in view of the expected outbreak of these diseases he is going to send medical personnel and medicine to North-Eastern Province, especially to Samburu and Isiolo Districts? Why are you killing people?

Mr. Criticos: Mr. Speaker, Sir, whenever we have had emergencies like the recent flooding caused by the *El Nino* weather phenomenon, we have mobilised helicopters to the area. We mobilised all the units we could. I can assure this House that all diseases related to cholera, typhoid and dysentery have declined.

Mr. Leshore: Mr. Speaker, Sir, I spoke to the MOH, Maralal, and he told me that the drugs are still lying in Nairobi. Could the Assistant Minister go back to his office and order his Permanent Secretary or the Director of Medical Services to take those drugs to Maralal so that they are ferried to Wamba urgently?

Mr. Criticos: Mr. Speaker, Sir, the drugs were dispatched on 19th June. That is what we have been told

by the same people.

Mr. Leshore: On a point of order, Mr. Speaker, Sir. I am telling the Assistant Minister that the drugs are still in Nairobi and he is insisting that the drugs are in Maralal. The MOH does not have a vehicle to collect the drugs. Is he not misleading us?

Mr. Criticos: Mr. Speaker, Sir, if the hon. Member has got more information than the Assistant Minister for Health, can he prove that the drugs are still here? We have assured the House that those drugs are at Wamba as we speak.

Mr. Anyona: On a point of order, Mr. Speaker, Sir. We must not be seen by our people to be taking things of this kind lightly. Here is a serious case of cholera outbreak and the Assistant Minister even waits for a Member to put a Question. Is it in order for this Assistant Minister to insist that he is right and the Member is wrong when only last week he misled the House and I tabled documents here which proved that what he was telling the House was not true? How can we this time round believe that he is telling us the truth?

Mr. Criticos: Mr. Speaker, Sir, this is an honourable House and we tell the truth, not untruth. If Mr. Anyona has a bone to pick with me, that is a different issue. Let us handle this matter outside the House rather than bring our differences here.

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

Mr. Speaker: Order! Order! For the health of the House, I will curtail this debate now. Next Question, Mr. Mboko.

RE-ALIGNMENT OF SULTAN HAMUD-BACHUMA
GATE ROAD

Mr. Mboko: Mr. Speaker, Sir, for the second time, I beg to ask the Minister for Public Works and Housing the following Question by Private Notice.

(a) Is the Minister aware that the Sultan Hamud-Bachuma Gate Road re-alignment is leaving out all markets between Kiboko and Mtito Andei in Kibwezi Constituency?

(b) Is he further aware that the road re-alignment will adversely affect the river sources on which over 250,000 inhabitants of Kibwezi Constituency depend for drinking water?

(c) Since the road re-alignment will also adversely affect the economic well-being of Kibwezi residents, whose average turnover amounts to about Kshs350 million, could the Minister explain why the original road cannot be retained?

The Minister for Public Works and Housing (Mr. Kones): Mr. Speaker, Sir, I wish to apologise for coming late. However, I beg to reply.

(a) I am not aware that the proposed re-alignment will leave out all markets between Kiboko and Mtito Andei, because the section to be re-alignment between Thange River and Nthawe does not affect any market.

(b) I am not aware, however, that the intended re-alignment would adversely affect river sources on which inhabitants of Kibwezi Constituency depend for drinking water. The road designs had taken into account natural drainage patterns, and river flows in order to ensure that the project will have minimal adverse effect on the environment. Additionally, an environmental impact assessment study undertaken did not indicate any likelihood of river sources drying up due to the re-alignment.

(c) The current alignment is being avoided due to accident black spots within the section in question which would be eliminated by way of new re-alignment. Thank you.

Mr. Mboko: Mr. Speaker, Sir, the Minister has said that the re-alignment would take place between Thange and Nthawe, and he has also said that there would be no market which would be affected by the re-alignment, but I would like to inform him that there are four markets that are going to be affected by the re-alignment. These markets are Machinery Market, Kambu, Kwakithokoi and Kwakinyute. What does he intend to do with these market centres?

Mr. Kones: Mr. Speaker, Sir, Machinery and Kambu Markets would be left out by a distance of only 200 metres to the new re-alignment. Thange Market will not be left out. Actually, the road will join into Thange Market itself and, therefore, it will not suffer seriously because of the re-alignment. As for the two markets which will be left out on a very small area between where the markets are and the new re-alignment, we intend to serve them with a connecting road to the new re-aligned road, and also service the existing roads so that the markets will still be accessible.

Mr. Munyao: Mr. Speaker, Sir, we thank the Minister because he had deferred answering this Question so that he may come up with a conclusive answer. I have seen the design of the re-alignment. Perhaps, the

reason behind the re-alignment and designing of new roads where other roads exist is the percentage one has got to earn when the new project is in place. We want the Minister to deny or confirm that the intention of diverting this road that much when the old one would still be rehabilitated has nothing to do with the percentage the officers concerned would get? How much money did the design take?

Mr. Kones: Mr. Speaker, Sir, I think, in fact, the re-alignment would be shorter in distance. So, the question of earning money from it does not arise. It is actually going to be shorter. We are talking of just a distance of 24 kilometres of the entire Mombasa-Sultan Hamud Road. So, really when we talk of 24 kilometres only, it is just a short distance. So, what we are trying to achieve on this re-alignment is to avoid the very dangerous spots where accidents usually occur.

Mr. Speaker, Sir, Thange section, for example, has been a problem area. You remember that we had a big problem on Mombasa Road because the current bridge was built on a depression. So, that makes it very difficult sometimes during the rainy season for water to get through the same waterway. So, we are trying to get to a higher ground. So, there is no ulterior motive. There is nobody who is going to benefit much from it. In fact, it is going to be to the advantage of ourselves as citizens of this country.

Mr. Speaker: Very well. Time is up!

Mr. Mboko: Mr. Speaker, Sir, just allow me to ask one question.

Mr. Speaker: Hon. Mboko, have you looked at the clock on the wall?

Mr. Mboko: Mr. Speaker, Sir, yes, I have done so. It is zero hour.

(Laughter)

Mr. Speaker: Order! Mr. Mboko, I am required to begin the business at 3.30 p.m. I may be tempted to give you a chance to speak so that you can say something about that. Can we now proceed?

Meanwhile, before I go to the next Order, it has come to my attention that at least one Member has spoken twice in the same debate and that is against the rules of the House. Please do not attempt again.

An hon. Member: Who is that? Name him!

Mr. Speaker: Next order!

COMMITTEE OF WAYS AND MEANS

(Order for Committee read)

MOTION

THAT MR. SPEAKER DO NOW LEAVE THE CHAIR

(The Minister for Finance on 11.6.98)

(Resumption of Debate interrupted on 23.6.98)

(Seventh and Final Day of the Budget Debate)

Mr. Keiynan: Thank you, Mr. Speaker, Sir, for giving me this opportunity. I would like to contribute on the Financial Statement by the Minister for Finance.

Mr. Speaker, Sir, many hon. Members said that the economy of this nation is in the intensive care unit (ICU). Other hon. Members have said that the economy of this nation is in shambles. There is one question which has been asked but whose answer I do not know. I would like to put forward a question and that is: Once somebody is in the ICU, we require qualified surgeons or physicians to attend to that particular person? Since we have been told that the economy is in the ICU, I do not know whether Kenya has really any qualified economic surgeon to do a delicate economic operation, which I feel we seriously need.

Mr. Speaker, Sir, since Independence, there has emerged a clique of black petty bourgeoisie who are not interested in anything else, except trying to ruin the economy of this nation. After 35 years of Independence we have been grounded or come to a halt. A number of issues have been raised in the Budget. We have talked about privatisation. During the Mombasa meeting, actually a number of issues were raised and the Minister was frank enough because he admitted that Kenya was financially bankrupt. One interesting thing that emerged was that a

number of projects are normally initiated by corrupt civil servants, not for anything else, but just to justify a kickback. Therefore, the process of both formative and informative evaluation is not adhered to and in the process we have a situation where very few projects are completed. We were told that the completion rate is less than three per cent of almost all the projects initiated and this is a very sad situation. Therefore, I ask this group of blacks, bourgeoisie to stop this - I am calling them petty bourgeoisie because in most other African countries there were a number of changes in Government after Independence. We had the Independence movement.

An. hon. Member: Be specific!

(Loud Consultations)

Mr. Keinyan: Mr. Speaker, Sir, the hon. Members are consulting loudly.

Hon. Members: Endelea.

Mr. Keinyan: Mr. Speaker, Sir, in Kenya we have been lucky enough because since Independence we have had only two Governments; that is the Kenyatta Government and President Moi's Government. In other countries, of course, they have had *coup d'etats*. In Kenya, the group that has done a lot of disservice actually to the Kenyan Government and to all Kenyans is this group called the bourgeoisie group. This is the group that is not interested in anything else, but just to enrich themselves. We have been talking about privatisation. The kind of privatisation that has taken place is tailored towards benefitting the same individuals who have been part and parcel of whatever economic problems that we have today and, therefore, right now we are talking about privatising Kenya Posts and Telecommunications Corporation. In areas like where I come from, in all the constituencies actually there is not even one exchange. We might have a situation where once the privatisation of KPTC is completed even the manual district exchange might be withdrawn.

Mr. Speaker, Sir, another thing is the issue of the Questions and answers that we get here. The other time here the hon. Minister for Health either inadvertently or advertently told this House that Wajir District Hospital has 171 beds. I would like to refer to the visit of hon. Gedion Ndambuki to Wajir District Hospital. Wajir District, first of all, has less than 45 beds, including the T.B. Manyataa and the maternity wards. Therefore, I do not know where the Minister got the figure of 171 wards. That was an imaginary thing and Mr. Gedion Ndambuki will bear me witness on what I am saying. Therefore, this culture of telling lies or giving wrong information is what has contributed today to the social problems that we have. People are only talking about an economic crisis. We are facing a cultural crisis because Kenyans have become money maniacs. Kenyans think of money. Kenyans dream of money to the extent that we do not value anything else, but only money. That is why somebody reasonable and responsible can stand up in this House and start telling lies that Wajir District Hospital has 171 beds while in actual fact we have never had a district hospital. What we are using as a district hospital is a room that was used by the Italians in 1946 for their prisoners of war. Therefore, that answer was totally misleading.

Mr. Munyasia: On a point of order, Mr. Speaker, Sir. Did you hear the hon. Member saying that some of us stand here and blatantly lie? Is it in order for me to ask him to withdraw the remark that Members of Parliament can stand up and blatantly lie?

Mr. Speaker: Mr. Keinyan, will you withdraw those comments?

Mr. Keinyan: Mr. Speaker, Sir, I was only trying to draw the attention of the House to that issue because last week we were told---

Mr. Speaker: Order!

Mr. Keinyan: Mr. Speaker, Sir, I have withdrawn those comments. However, last week this House was informed that Wajir District Hospital has 171 beds.

Mr. Speaker, Sir, I repeat that Wajir District Hospital has less than 45 beds and hon. Ndambuki can bear me witness, because he visited the Hospital. In any case, we have never had a District Hospital. What we are using as a District Hospital is actually a cube that was built by the Italian Government in 1946 for their prisoners of war. Therefore, in future, I will request the Minister for Health to come up with the truth, because we have lost a number of our dear people, friends and constituents because of the lack of this facility. When we are told here that we have 171 beds, we feel we are being abused because that is not the truth.

Mr. Speaker, Sir, we have District Treasuries headed by District Accountants and District Supplies Officers. This institution has become a den of corruption at all district headquarters to the extent that, today people talk about corruption at the national level. I think if there is corruption anywhere in Kenya, it is at the district headquarters, especially in the district treasuries. Therefore, since the Minister in his Budget has created the post

of Financial Controllers in every Ministry, I am appealing to him to do the same for the districts, so that the district accountants and the district supplies officers can also report directly to the Financial controllers in their respective Ministries. This is because today, we have a situation where all our monies are actually sent to the districts. It then ends up in the hands of those individuals who do whatever they wish with it.

Mr. Speaker, Sir, there is the Drought Recovery Programme which was tailored to benefit the people in dry districts of the country. This project was supposed to cost the Government over Kshs20 billion and last over ten years. Unfortunately, the initiators and implementors of this programme did not use--- Those people came up with projects that are not really beneficial to the communities. We have a situation where, in villages, we have toilets, whereas those villages have no schools or hospitals. All other essential facilities are lacking and somebody just puts up pit latrines. Who is going to make use of those pit latrines when somebody does not have something to eat, and there are no schools or hospitals? What we are saying, therefore, is that it is better late than never. It is not yet late and we need a total re-evaluation of the project, so that the money being spent can eventually be beneficial to those it is supposed to benefit.

Mr. Speaker, Sir, Wajir District was declared a disaster zone since October, 1997 and to-date, most schools have not yet opened. Because of the transport problem, the only assistance we got from the Teachers Service Commission was the transferring of teachers from other parts of the country. We think this is also very unfair. As we now discuss the issue of teachers, I am also appealing to the Ministry of education to do something because most teachers in Wajir and Mandera have not reported to their schools.

The Assistant Minister for Foreign Affairs (M. Muchilwa): Thank you very much, Mr. Speaker, Sir, for giving me the opportunity to contribute on this Motion. To begin with, I would like to congratulate the Minister for Finance and his team for having given Kenyans a sympathetic 1998/99 Budget. I would also like to commend the Minister for the eloquent manner in which he delivered the Budget Speech.

Mr. Speaker, Sir, most hon. Members who have contributed on this Motion have emphasised the problems that Wananchi are going through, as a result of the very harsh economic situation. The Minister, himself, told us that one of the major challenges facing this country now is the problem of making sure that the economy grows, at least at the rate of 7 per cent and above, to be able to generate enough employment for a growing population and also to reduce poverty on a permanent basis.

Mr. Speaker, Sir, while I agree with the measures that the Minister has proposed to take in order to jump-start the economy of this country, I must say that I was rather disappointed, because although the Minister acknowledged, once again, that agriculture is the mainstay of this country's economy, contributing 80 per cent employment and 60 per cent of the Gross Domestic Product (GDP) and although the Minister also told us that agricultural productivity in the last financial year dropped by 30 per cent, there is nothing in the Budget that really shows that the measures to be taken will correct this downward trend. The Minister, being a very good farmer, particularly in the grain sector, knows that the real reason why Kenyans are not producing enough food is not just because of bad infrastructure. It is because of a very small thing. The reason is that the farmer does not know what to expect after he produces what he is going to grow.

Mr. Speaker, Sir, in the old days when the National Cereals and Produce Board was working, the farmer used to be told, at the beginning of the season, the price to expect from maize and wheat. He was, therefore, in a position to budget and: "If I cultivate so many acres, inputs and outputs should be so much and I will remain with so much. Right now, with liberalisation, all that has been thrown to the dogs. Somebody came with the idea that the private sector is going to be the engine of the economy. I have no quarrel with that one. But even if a vehicle has an engine, it must have a driver. That driver is the Government. If, for example, we leave the question of food security to the private sector, who in this country is able to buy and stock sufficient food to feed this nation for six months? Who? Somewhere along the line, we have to be serious. It is only the Government which has the resources to do it. If the Government were to buy buffer stocks through the National Cereals and Produce Board (NCPB) and keep it instead of telling the farmers to stock the maize themselves on their farms, then the price would be articulated in advance. The NCPB, or whatever board, would say: "At the end of this particular season, we are going to buy so many bags and the balance will be bought by the private sector, but we buy so many bags at such a price." That would enable the farmer to plan. We should not use the excuse that the NCPB, or any other body which was doing that was inefficient, because that could be corrected by putting the right people in the right places. What matters is for the job to be done.

Secondly, Mr. Speaker, Sir, if the Government wants to improve agricultural produce, then it must set aside funds for farming activities in this country as the Agricultural Finance Corporation (AFC). The AFC has not succeeded in assisting the farmers. At the moment farmers have been left at the hands of the commercial banks which charge up to a rate of 40 per cent interest on loans. How do we expect the farmer to improve his productivity. We have to be very serious in order to help farmers in this country. The Minister, in his Budget

Speech, made a promise that there would be arrangements which will be put into place to help small-scale farmers. Those arrangements have not been articulated well in this Budget. We hope that they will be there. But even if we set aside funds to help the small-scale, or a peasant, farmer who grows subsistence food, what will happen to the commercial farmer who is feeding people in the towns and so on? When we are thinking of helping the small scale farmers in maize and bean growing, we should also think about the commercial farmer who is feeding people in the towns. If we do not help the commercial farmers we will import food and, by so doing, we will be creating employment opportunities in other countries.

Mr. Speaker, Sir, I would like to thank the Government for reducing duties and VAT on polyvinylchloride (PVC) materials and other inputs of the horticultural sector. I would like to request the Minister for Agriculture to reduce duty and taxes on tractor tyres, spare parts, tubes, pipes for irrigation and so on.

Mr. Speaker, Sir, let me turn to sugar cane farmers. Importation of sugar in this country should stop. It should be banned rather than levy high taxes on imported sugar. This is because practice has shown that Kenyans are so dynamic and that there are enough sharks to burst the tax net any time. Yesterday, I rung Mumias Sugar Company to inquire how much stock they had and they told me that they had more 10,000 tonnes of sugar already in store. This is because a lot of sugar was imported and flooded in the local market. Once the Government gives Kenyans a chance to import any thing, for example, sugar or maize, they always over do it. It the Ministry officers who will always deceive their Minister on whether there is enough sugar or maize in the country. It is a rampant practice among the Ministry officials to deceive their Ministers when the Ministers want to know what is in short supply in this country. When Mr. Jeremiah Nyagah was a Minister for Agriculture, he was misled into telling the nation that there was enough maize in the country, yet there was a shortage of maize. It was a big embarrassment for the Government.

Mr. Speaker, Sir, recently, when we started importing maize, we did so when farmers had a lot of maize in their stores and they had anticipated to sell it at a good price, but instead they ended up losing. If we want our sugar mills to do well, then we have to ban importation of sugar. If there is a need for us to import sugar, then the sugar mills should be allowed to import sugar according to the ratio of sugar they produce in this country. If we want to grow cane on a large scale there is an urgent need to address the problem of sugar cane pricing. In a liberalised economy that has not been addressed. Before the Government used to set the prices. Right now mills are free to charge what they like. If that is allowed in a liberalised economy, farmers will be at the mercy of millers. It is, therefore, important that, that particular area be addressed.

There is need to ensure that sugar cane is grown on a large scale. The Kenya Sugar Authority has the money. It is taking cane cess from the farmers, but it is not doing enough to assist farmers with that money. Even if it means increasing the cess and insuring cane this would mean that when fire breaks out, as it did last year, farmers' cane would not go to ruin. Large scale sugar-cane farmers should be given loans by the Kenya Sugar Authority.

With those few remarks, Mr. Speaker, Sir, I beg to support.

Mr. Kibaki: Mr. Speaker, Sir, in supporting this Motion regarding the Budget, there are some substantial aspects that have been ignored by the Budget and yet its intentions were, or still are to revive the economy. The biggest obstacle to any revival of the economy of Kenya today is the rate of interest that our banks are charging. The Minister and every hon. Member and Kenyan know that. We were, therefore, looking to the Budget to be the occasion for measures to be taken to lower the interest rates. But no measures were taken that would lead to lowering of interest rates. Therefore, it is misplaced for the Minister in his Speech to hope that there will be a revival in the economy. There cannot be a revival until we can have money to invest. There cannot be any increase in employment until we can have money to invest. No one can borrow at 34 per cent interest rate, which is what the commercial banks are charging now, to invest in any thing. That is the truth. All Kenyans, particularly the business community, were looking for interest rates to be lowered.

Mr. Speaker, Sir, one proposal made in one of those beautiful seminars that we had in Mombasa was that we should look at externalising our domestic debt. This debt now stands at Kshs160 billion and the Government is paying close to Kshs43 billion in terms of interest only. All that we said in that particular seminar was that the Minister should take action, with the assistance of donors, to borrow a similar amount in foreign currency and pay off the Kshs160 billion. Those foreign loans would be longer term: They would be repaid in 20 or 30 years with a lower rate of interest. That way, then there would be money available in the banks for the reason is that 65-70 per cent of the present domestic debt is held by commercial banks. That is why the commercial banks are just sitting back, doing nothing and then announcing in every year Kshs4 billion as dividend to be paid to foreigners. We are being milked on one hand and on the other hand we are not able to borrow and yet those banks are taking peasant farmers' money. They take the peasant farmers of Othaya money when nobody can borrow money from

them at 34 per cent.

Mr. Speaker, Sir, it is not too late to lower interest rates. We are expecting the Minister when he stand to reply to this Motion to say that he will take that particular action because it would lead to the lowering of interests. Without lowering the interest rate in this country there is nothing to hope for. A domestic debt of Kshs160 billion is very big. I must thank the Minister for announcing that he will not borrow any more through the Treasury Bills. But he will still continue to borrow through bonds. But even that will not help in the lowering of interest rate.

Secondly, we are talking about a balanced Budget. There is no virtue whatsoever in using the words "balanced Budget". What have you balanced? If we are a developing nation then, by definition, you must be able to borrow money to develop your nation. The idea of having a balanced Budget by poor people is so misplaced that it makes people who have gone to school sick. We have taken a slogan from America and other parts of the world and glorified it by saying that---

The Assistant Minister, Office of the President (Mr. Angwenyi): On a point of order, Mr. Speaker, Sir. Is it in order for hon. Kibaki to mislead the House, that in a developing country, you cannot have a balanced Budget?

Mr. Kibaki: Mr. Speaker, Sir, as you can see, the hon. Member does not understand anything!

Mr. Speaker: Order, hon. Members! We must take orders and be tolerant of other people's views. Proceed, hon. Kibaki.

Mr. Kibaki: Mr. Speaker, Sir, what I am saying is that - I am sure that anybody who went to elementary school will understand this - if you say that you are balancing your Budget by refusing to do anything, you will have to go on starving; you will have to live on salt and water. This way, you will balance your Budget. What we are, really, saying is that, as a developing nation, we are expected to actually, borrow for development, particularly now that our roads need to be repaired. There are no other ways through which we will revive the economy if we do not repair the roads. To repair all these roads together simultaneously, we must borrow money from both donors and the private sector. So, let us not place excessive emphasis on balancing the Budget. Let us borrow some money to develop the roads and pay it back. In fact, I would go further to seek private investment in roads development, particularly, trunk roads, and then let the developers charge us toll charges. Let the roads be redone at once. This is the way to revive the economy; otherwise, it will mean giving us a prospect of ten years of waiting for the roads to be done. What economy will be growing during this period? Nothing!

Mr. Speaker, Sir, thirdly, they have been talking about balancing the Budget. There is an item which has been omitted. I have been looking for it in those books. The Government of Kenya has unpaid bills amounting to Kshs7.2 billion for jobs done, services rendered, goods supplied and services rendered by Kenyans and contractors. Some of these bills have not been paid for between three and five years. Therefore, Kenyans have become poorer. Some contractors have gone broke because the Government has not paid them for work they have done. Some traders who supplied certain things have not been paid. Therefore, these are the first things we should pay and, let us not talk about balancing the Budget. Pay those people; it is the only way to revive, at least, that part of the economy.

Mr. Speaker, Sir, fourthly, we have this business of the Minister agreeing with those who are in the second hand motor vehicle trade and going ahead to tax them more heavily. This is a mistake, truly. Very little money will be collected. The problem with the motor vehicle trade is not the importation of second hand cars. The problem with this trade is the importation of new cars without paying tax. That is where the problem is and, every Kenyan trader and all other people know this. How can the Minister for Finance have failed to know this? He cannot have missed this because everybody knows this. Truly, those who deal in used cars are poor people who go to Dubai to buy as few as two cars, come back to sell them and go back--- We are behaving this way because of poverty. Even the *nguos* which Kenyans are now wearing ni mitumba because poverty has dominated the economy.

Fifth, we have parastatals. We expect a statement from the Ministry of Finance, that the selling of parastatals from now onwards, will be done in a transparent manner. This he should say to show that he means something new; that, from now onwards, there will be no negotiated deals in the selling of parastatals. The sale of parastatals should be advertised and we should all do the bidding in the open. It is vital that the Minister commits himself to this because, that is what we are asking the Government to do. In any case, it is part of the revival of the economy to stop the underhand deals, which lead to loss of money. The Government should also stop selling assets of parastatals. The Kenya Railways will soon be finished because its assets are being sold off.

Mr. Speaker, Sir, sixth, in dealing with parastatals, could the Minister announce from today, that, processing factories, which process agricultural produce, for example, sugar, cashew-nuts, bixa, tea, coffee and all

others, will be owned by farmers. Let the Minister stop this habit of seeking for special people or international corporations. The people who grow sugar cane, be they in Mumias, Nzoia, South Nyanza, etcetera, should own the factories. Let them make the money. Factories were built with help from the Government. The only way to help revive the economy is to let the producers own those factories, but not to sell them to some foreign investors by going through the Nairobi Stock Exchange or direct negotiations. That is a sensible policy which should be announced publicly. At least this is the policy that the Democratic Party of Kenya advocates. I know that KANU, also, deep in their heart, that is what they advocate for. Therefore, it should be announced without hesitation.

Finally, may I appeal to the Minister for Finance, who was also Minister for Agriculture, to do something about seeds. In this nation, this season and last season, we are suffering because farmers were sold seeds of poor quality. The Minister can help us by banning the sale of seeds.

Mr. Speaker, Sir, I beg to support.

The Minister for East African and Regional Co-operation (Mr. Biwott) Thank you, Mr. Speaker, Sir, for giving me this opportunity to contribute to the Budget Motion. First of all, I would like to commend the Minister for Finance for trying his level best to see that the process of reducing the debt is started. The Minister has introduced austerity measures with the aim of, eventually, putting the Budget into line with what our economy can sustain. I would also like to commend the Minister for making it very clear that Kenyans will never grow economically, unless they depend on themselves by planning and executing their programmes according to their own efforts. This is, of course attainable with external assistance because, nobody can grow unilaterally. The Minister has emphasised the fact that you cannot depend for ever, on the International Monetary Fund (IMF), the World Bank, bilateral and multinational organisations. If you look at the historical or economic development of other countries, you will realise that they have grown because they borrowed to sustained their economies. You will find that in any programme that has succeeded, the people themselves exerted---

Mr. Kariuki: On a point of order, Mr. Speaker, Sir. Is it in order for the Minister to misguide the House by saying that we should not depend on the IMF and the World Bank when countries like South Africa, Uganda and all the developing countries in the world are depending on the IMF? How are we, as Kenya, a very under-developed country; one of the third poorest countries in the world, not to depend on foreign loans?

Mr. Speaker: That is a point of argument. Proceed, Mr. Biwott!

(Mr. Kariuki stood up in his place)

An hon. Member: He does not understand!

Mr. Speaker: Order! Why do you not get in touch with him over a cup of tea?

The Minister for East African and Regional Co-operation (Mr. Biwott): Mr. Speaker, Sir, in fact, I do not think hon. "Nginyo" Kariuki was listening. If he was, he would not have been as irrelevant as he has been. I have said that the Minister--- I am repeating it because I mean it. I have negotiated for them, dealt with the World Bank and I have been in the Treasury where I was in charge of the external affairs. So, I know exactly what I am saying.

Mr. Speaker, Sir, the IMF is an institution which is interested in seeing that an economy is run in a proper manner. They come to your assistance only when your balance of payments are out of order. They give you short-term loans so that you may meet your Balance of Payment requirements. That is what the IMF does. It is like a Central Bank to our commercial banks here in Kenya. It is the Central Bank of the whole world. This role is crucial and, it is understood and, nobody has got any quarrel with it. But we cannot sit here and cry: "IMF! IMF!". We have to work very hard. The world's shareholders have special drawing rights. I have everything about it; if you want me to describe the IMF, I will do so and you will know the true rather than jump and get involved in things like that.

Mr. Speaker, Sir, the World Bank has been assisting us---

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

Mr. Speaker: Order! What is it?

Mr. Ndicho: Mr. Speaker, Sir, we can forgive hon. Biwott when he commits the first sin. But when he repeats it, do we still forgive him. He earlier on said that the hon. Member is irrelevant. Now, he has repeated the same word. Is it not only the Chair which should rule a Member irrelevant? As far as we in the Opposition are concerned, whatever KANU says is irrelevant. But we know that it is Mr. Speaker who should rule a Member irrelevant. Truly, hon. Biwott made a mistake by calling this hon. Member "Nginyo Kariuki". This is not "Nginyo" Kariuki; he is Ngenye Kariuki!

Mr. Speaker: Order, hon. Ndicho! I know that all hon. Members have made it a third sin to interrupt

an hon. Member on a timed debate.

The Minister for East African and Regional Co-operation (Mr. Biwott): Mr. Speaker, Sir, I do understand him. He would like to have a jive on hon. Biwott so that he can also say that he has said something.

Mr. Speaker, Sir, the problems that exist at the present moment are those of dependence on external aid only. We have to work very hard and make sure that we use all our energies to plan our economy properly. We must ensure that we become enterprising like other countries and then seek assistance from donor countries and the World Bank which is there to lend money. The World Bank is trading with money to develop other countries. They give recipient countries IDRD rates which are less rigorous than any other interest rates that you can get.

Mr. Speaker, Sir, I also wish to commend the Minister for Finance for the efforts he has made in order to assist the farmers, especially those who export horticultural crops. He has encouraged them by removing duty on liquid fertilizer, plastic bags and so on. But that is not enough. I would like to encourage him to do more especially in the provision of credit and assisting the small-scale farmers to get the ability to harvest his crops. At the end of the day, it is the large-scale farmers who manage to harvest their crops because they have the means while the small-scale farmer is always the last person to harvest his crops because others look after themselves before they do anything. With the removal of MFR and GMR that used to be in place before, the farmer today, has got no assurance whatsoever and he cannot count on anything that he produces until he has sold his produce. So, the person who suffers most is the small-scale farmer in general, especially during this era of liberalisation.

Mr. Speaker, Sir, there are other pertinent and more serious problems which the Minister will have to concentrate more on for example, the domestic debt. As the hon. Member who was on the Floor before me did indicate, it is true that, that is the problem which we have not found a solution for. The only solution is to approach the World Bank, bilateral donors, OPEC and others to assist us in the kind of etamine to be able to retire the existing domestic debt. There will be no other way in which we can get saving to be able to retire that and the high interest rates charged by banks at the moment will never assist the farmers, businessmen or any other Kenyans. The only beneficiaries are the bankers as we have already seen. We should not rejoice about the concept of a balanced budget because that concept today is no longer valid as it has already been said. It used to be a classical concept until 1930 when people realised that you cannot survive on that type of balancing. You have to grow by going the Keynesian way and post-Keynesian type of economics where growth depends on effective demand; and effective demand has to be induced and that means credit.

Mr. Speaker, Sir, these days, for example, we dwell on hire-purchase which is a kind of loaning up-front.

If we were to balance, any individual today will have to earn the money before he spends, but today we spend before we earn and that is exactly what the economy is all about. This is what the hon. Minister for Finance will have to convince our friendly donors to see how best they can help us. Without this problem being resolved, our economy will continue to give us problems.

Mr. Speaker, Sir, I am the Minister in charge of regional Co-operation and being in that docket, I would like to see any activity that touches on the three East African States and the surrounding countries being attended to. We have been more interested on regional roads. The Mombasa-Malaba road is not strictly a Kenyan road. It happens to be on the Kenyan soil, but the users are not Kenyans only. They are Ugandans, Eastern Zairians, Rwandeas and so on. This also applies to our road from Namanga to Isiolo. This road is used by Ethiopians, Tanzanians and also those travelling to and from South Africa. This is what we have been concentrating on. Recently, we invited donors to come and assist us in repairing these roads and modernising them so that trade can flourish. By so doing, we shall have factories that can generate jobs for local people and hence poverty can be alleviated.

With those few remarks, I beg to support.

Mr. Sungu: Mr. Speaker, Sir, I wish to associate myself with the comments made by hon. colleagues about the Budget Speech.

Mr. Speaker, Sir, I think the Minister was right in approaching the Budget the way it is because he actually took the bull by the horns. Let us admit that the economic realities of the moment are difficult and hard. We know that the economy is in shambles and there is infrastructural decay and moral decay in the form of corruption. We must take the hardest option in order to tackle this.

Mr. Speaker, Sir, from the point of the consumer, the tax reductions that have been made by the Minister for Finance are not adequate. In fact, when it is looked at in real terms we will find that there was no reduction at all, if we were to look at those reductions in terms of 1989 levels. Due to inflationary trends and very high interest rates in Kenya, we, in fact, have no reductions at all.

Mr. Speaker, Sir, I would like to praise the move taken by the Minister for Finance in granting amnesty to tax evaders. This measure may actually encourage tax evaders to own up and pay. But this amnesty is not adequate to encourage the common man to come up and participate in the economic activities of the nation. First

of all, the increase in the interest of tax bearer certificates can only but benefit the rich man but not the common man. We all agree that we should encourage the common man to actively participate in the economic life of this country; as other hon. Members who contributed before me have said. Without the participation of the common man, the large-scale businessmen cannot do everything on their own. Therefore, I wish the Minister could have been bolder in his proposals to encourage the common man to participate in the economic process.

Mr. Speaker, Sir, the Budget can also be looked at from the point of view of public or Government expenditure. When we talk about this we will, of course, go back to this concept of a balanced Budget which others have talked about today. Some of the measures spelled out today in the Budget Speech are not serious in my opinion. Things like removing telephones from Ministries and secretaries and also the removal of vehicles, when in **[Mr. Sungu]**

fact, we want an improvement in efficiency in the Government service may be negative in the long run. Instead, we should have taken a very serious look at the illegal expenditure that has been manifestly made clear in writing and exposure in our country's economic life. I am talking about huge projects which in my opinion were unplanned like the Eldoret Airport and the Presidential Jet. What about the Goldenberg saga and other "white elephants"? There is no indication in the Budget about the what the Minister intends to do to recover our money which has been lost in these projects.

There is no indication that money will be recovered from the culprits. We must not believe that there are some holy cows. When it comes to the sanctity of our economy we must be serious and take the bull by the horns so that we can recover some of the money which we have lost to these---. I am tempted to use unparliamentary language, but I will not. The economy needs a boost and if we can recover some of the money from these people, then it can actually start coming up again. As far as the Question of surplus money in the economy is concerned, we all know that these came about as a result of the huge deals that occurred in 1991-1993. These have caused a very high inflation rate to be the order of the day in Kenya and hence, the Governments efforts to buy back these money so that the money supply can reduce in the economy. This effort has also resulted in the high domestic debt. This is why we are paying a lot of money. I do not believe that by externalizing this debt we can go any further. What is important is to go to the root cause of this problem so this economy can find its feet again.

Allow me now to comment on the Question of divesture. Parastatals are now being privatised and sold off. This exercise should be transparent and accountable so that the real stakeholders can have a chance to participate in the buying of these enterprises. I am referring to industries such as the sugar factories where sugar farmers are now being left out of the privatization of these factories. The sale of these factories is being done in Nairobi while the farmers are located elsewhere. Coming to divesture again, I would like to suggest that the Government considers establishing independent boards so that some of these parastatals can be run through these boards. These boards should be independent of political interference and should, in fact, have the power to hire and fire the management board so that we can have some type of accountability.

In this respect, I would like to suggest that we stop the re-appointment of failed politicians or parastatal heads to other more plumper jobs so that they can plunder them at their will. The record of the distribution of funds in Kenya is evidently and abundantly clear. Nobody needs to repeat that to any great success. But at the moment, what I would like to say is that we should be able to reward those parastatal heads who are performing well and who are turning out the profits for the Governments.

A lot has been said about the teachers pay. I would like to be associated with those saying that if you interfere with the teachers pay, you are asking for trouble. I do not think that it is morally right to ask for the reduction of teachers pay when some Members here are left with their salaries intact. In any case, I do not think that it is fair for somebody to reach a level where he has budgeted for something and then he finds out that you want to reduce his salary.

Regarding the roads maintenance funds, I think the proposals were good and the most important thing to do is to black-list those pseudo-contractors who continue to render our roads impassable by poor construction. I am referring to companies like Hayer Bishan Singh who has done a lot of damage to our roads in Nyanza and we do not want to see him in Nyanza any more.

There should be specific measures to reverse the export decline. In this connection, I am talking about fish. As for now, we know that the European Economic Community Countries have banned fish imports from Kenya and the other East African countries. I wish the Government would take specific steps to ensure that this decision is reversed. In this regard, I would like to suggest the introduction of a fish marketing board.

Mr. Speaker, Sir, allow me in my final comment to say that the measures defined to achieve a balanced Budget must be serious and sustainable. We should not just make comments or proposals for the sake of public consumption, when we know that they will not work in the end. These measures must be taken seriously so that we can look forward to a proper future in this country. In this connection we must now empower our planners.

This country is being run without proper planning. That is why we have so many failed projects and so many areas where the economy is in shambles.

With those few remarks, I beg to support.

Mr. Shaaban: Thank you, Mr. Speaker, Sir, for allowing me to contribute to this Motion. The Budget contained very important measures that will bring the economy of this country back on course. The Minister has not addressed the twin issue of poverty and unemployment. As many Members have said, high interest rates have been a deterrent to the Kenyan community in that they have not had access to money to invest. If there is no investment from the indigenous Kenyan, you cannot expect much progress. Unless Kenyans have access to bank loans with low interest rates, then the issue of poverty and unemployment will continue to exist. One issue that the Government will have to address seriously is the implementation of projects. The annual rate of completion of projects in the entire Government Ministries is three per cent. That is also very low. Some of these incomplete projects continue to be funded year after year. There are some projects which have been in existence for the last 20 years and up to date they have not been implemented.

The Government should seriously address that issue of implementation of projects and the waste of public resources. As long as the annual rate of completion of projects remains at three per cent, we will not achieve anything by talking. We will not be able to bring this economy back to course.

It is, therefore, very important that this implementation of projects, as and when required, is taken into consideration and action taken. We appreciate the Minister's reduction of the Value Added Tax, from 17 per cent to 16 per cent. But, I would like VAT to be reduced further, in order to allow Kenyans to get access to very important goods and enable the Minister to have more money in the Treasury. I would suggest that goods which attract VAT should have a taxation rate of between 10 to 12 per cent. But there should be an increase on the number of goods which are taxable, so that if any Kenyan wants to buy such goods, then that is okay. Let us not limit the number of goods which are taxable; they are few and taxable at a very high VAT rate. Let us reduce the VAT and increase the number of taxable goods, so that the Minister can also realise the same amount of money. If any Kenyan wishes to spend on such goods, let him spend. If he does not wish to spend on them, then he is going to sell and when he sells, he does so in the country, and this is good for the country. This is because selling will also contribute to the economy.

Mr. Speaker, Sir, one other issue that I would like to raise, is about the Kenya National Examination Council. Of late, there have been scandals reported in the newspapers that degrees from Kenyan universities are on sale. The certificates for Kenya secondary examinations, the primary education, the accountancy colleges, including those from technical colleges and polytechnics are all on sale. This is what we have been told. It is about three weeks ago, when we were told that degrees from Kenyatta University had been on sale. Recently, we were also told that all the certificates issued from the Kenya National Examinations Council, from the basic, tertiary and to university, are on sale in the streets. This is a very grave matter for this country. This is the time when unemployment rate is very high, and we want some of our people who have left universities to seek employment elsewhere, so that we can export manpower. As of now, if what we have been told is true, then the credibility of our education system and certificates issued, is at cross-roads. Stringent measures must be taken to ensure that, only those who qualify for those certificates are the only ones who obtain them. Otherwise, unless we safeguard the quality of education in this country, then we will find that Kenya will join many other African countries whose education and qualifications do not mean anything. Therefore, in order to bring the glory of this country as one of the best countries in Africa which has produced high quality professionals, then we must safeguard the credibility and quality of our education. The Kenya National Examination Council must take very serious steps to close all those loopholes.

Mr. Speaker, Sir, one other issue that I would like to talk about is the privatisation of the Kenya Posts and Telecommunications Corporation. We must be very careful. When we talk of privatization of our most important and basic institutions, we must make sure that these institutions do not go into the hands of a few foreigners. That would bring in neo-colonism.

Mr. Speaker, Sir, another example is the Kenya Airways. The Kenya Airways has been privatised. Okay, it is making a lot of money, but it is now in the hands of foreigners. If you go to the top people who are now managing the airline, most of those occupying the top posts are foreigners. Kenya Airways has now stopped going to certain areas because it is no longer commercially viable, according to them. But Kenyans need the services of Kenya Airways. When the Minister talked about the privatisation of the Kenya Posts and Telecommunications Corporation, we have the same thing in mind, like the Kenya Airways. It will go into the hands of foreigners and our fear is that, the Corporation will operate only in areas that they think are commercially viable. And today in Kenya, most areas can be reached only through telephones. The rest of the infrastructure has collapsed. When I talk of areas, for example, the Arid and Semi-arid areas, which I have in mind, you will find that during the last

10 months, they have been inaccessible, and I have not been able to reach Mandera East Constituency. It is only through telephone that I have been able to communicate with people in the area, to know what is happening there.

But my fear is that when that privatization is effected, the Kenya Posts and Telecommunications Corporation will go into the hands of foreigners. For them to operate in an area, it has to be commercially viable. Then many areas in this country will be without telephones and those areas will be forgotten. This is because we cannot reach such areas by road. The infrastructure, particularly on the part of roads has flopped.

Mr. Speaker, Sir, we must, therefore, arrange and make sure that there are amendments and unless there are measures to safeguard the interest of Kenyans, when it comes to privatisation of very important institutions, we will not support such Motions. Unless the Minister for Transport and Communications and the Government convince us that, Kenya Posts and Telecommunications Corporation will render the services required by Kenyans, and serve all of them Kenyans equitably, I am afraid, we will not be able to support this Bill and many Members of this House will oppose it.

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

Mr. Speaker: Order, Members! I want to give a general direction. The Minister for Finance, as indicated, would require about an hour to reply. As you all know, today is the last day, the Seventh Day of the Financial Statement, I would, therefore call upon the Minister for Finance to give his reply at 5.30 p.m. So, can we break the monotony and hear from a lady?

Mrs. Seii: Mr. Speaker, Sir, I have not had a chance to contribute, and I am glad you have given me this chance. In contributing to this Budget, I want to draw your attention to a section of Kenyans that have been ignored or forgotten. We have talked about our economy being in bad shape. The economy is, indeed, in very bad shape. By the time the country begins to feel that, about 52 per cent of Kenyans will have felt the pinch of that bad economy, and those are the women. I have no doubt today, and I dare say that a country that ignores 52 per cent of its population and does not consider it in specific manner with regard to allocation of funding, is not going to progress. I am saying this because it is a well known fact that the women in this country are the producers; they are the labourers in the fields. They are the people who tend to our fields; they are the people who produce and who pick the tea leaves, and they are the people who look after the children. They are those who contribute significantly to the economy of this country. I would like to propose one thing: That when a Budget is being written, we would like it to be made a peoples' Budget.

Mr. Speaker, Sir, there should be proposals from churches, women groups and all sectors of the country, so that they can be part and parcel of the Budget. When we look back at the Budgets which have been presented in the past in this House, very little has been fulfilled due to of lack of finances. When will we get the resources to meet all that we put out in our Budgets? My first suggestion is that Budgets should be owned by the people. They should be discussed by the people before they are brought to the House. This will give women, who are the majority, an opportunity to discuss the Budget and understand it. This will help them understand that they are being taxed all the time they purchase a bar of soap, sugar and tea leaves. This is a form of education and if it is carried out, by the time the Budget comes to the House, majority of the Kenyans will understand it. Then, we can have relevant criticisms of the Budget even outside this House.

I would like to inform this House that in 1975, there was a United Nations conference which specifically focused on women. The same was repeated in 1995 here in Nairobi. A number of things were identified regarding women and we know that some of these things were not implemented because of financial constraints. By the time the Beijing Conference was taking place, we looked back at the Nairobi conference and most of the proposals had not been implemented. When we look at the national development plans for the years 1994/95 to 2000, they do not contain any clauses on women development.

These days, it is very fashionable for people to talk of being gender sensitive. Gender sensitivity does not carry any weight unless specific measures are put in place to bring about gender parity, and especially when it comes to funding of particular activities which are going to raise the status of women. It has been said in other fora that poverty has the face of a woman. This is very true because 80 per cent of the people in the rural areas are women, and 57 per cent are poverty stricken. If we cannot work out certain measures which will alleviate poverty, then we make way for these disadvantaged people to be "bought" during elections. It is enough to give a woman a leso for one to get a vote. Poverty, indeed, has the face of a woman. This is because there are no structures at the grassroots level that can bring about activities which will give women enough resources to combat poverty.

When you have the majority of the population being very poor, corruption goes right down to the grassroots. There has been a lot of corruption which has derailed the balance in the leadership of this country. It is the people who have the money who can buy the vote and, therefore, they buy their way into this august House and other areas. Corruption has been institutionalised in our country. As we all talk about corruption, we do not sound serious because the corrupt people are among us here in Kenya. We must do something to create a law in this

August House will prevent corrupt people from holding public positions. When corrupt people continue to sit among us and we know that they have contributed to the poor performance of our economy, people outside can see that we are not serious.

Mr. Speaker, Sir, before I came to this House, I used to hear the same talk of corruption. The corrupt people are also talking about it. We have been told who these corrupt people are. How are we going to arrest them and why are they feared? In the institutions which have collapsed, you will not find women there. There are no women in such institutions, and if any, none of them has been implicated in corruption. And this is why I am saying that we must raise the standard of living of these marginalised people so that they can take advantage of education in our country and take up decision-making positions.

[Mr. Speaker left the Chair]

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

Mr. Temporary Deputy Speaker, Sir, when people make fun of gender sensitivity and take our women for a ride so that their work is just to go and dance for the male politicians, we feel very bad. I hope that one day men will begin to dance for the women politicians as well. These women, perhaps, dance for a kilo of sugar, salt or tea leaves. We must raise the standard of these people by eliminating poverty which has oppressed them and kept them as second class citizens in our country.

Mr. Temporary Deputy Speaker, Sir, I am a teacher by profession and I am very sad to hear that the number of teachers is going to be reduced. The majority of teachers are women in our villages. What are we going to do with those people who are in the teachers training colleges? What plans do we have for them when they graduate at the end of this year? Are we going to tell them: "You have completed your two years course and now, you can go home and dig"? Something must be done on this issue. Women are the ones lining up in clinics to get prescriptions.

With those few remarks, I beg to oppose.

Mr. Wamalwa: Thank you, Mr. Temporary Deputy Speaker, Sir, for giving me the chance to make a few observations on this Budget. From the outset, I would like to state that in principle, this Budget probably casts more hope for this country than any Budget that has been presented in this House before. All good intentions are subject to performance or implementation. As the English adage says: The taste of the pudding is in the eating. It now remains to see how the Government of the day will implement all these lofty principles that have been enunciated in this Budget. In a way, one could say that this is probably the most daring Budget that has ever been presented to this House since Independence. I do spare assault for the budgets presented by hon. Kibaki which were brilliant. But they probably did not have to respond to the same degree of corruption as exists today, and probably drastic measures like the ones that have been taken were not called for at that time.

Mr. Temporary Deputy Speaker, Sir, budgets had become more predictable. Before a budget was read, you knew that the Finance Minister was going to be very careful not to step on the toes of the establishment, officialdom and big investments. The Finance Minister was always very careful about that. You also knew before the budget was read that the Minister was going to go for the pockets of the "small" working man. You knew that prices of beer, cigarettes and fuel would go up. And yet, it is the small wage earners who pay their taxes faithfully. Big businessmen and the privileged class always manage to find a way of mitigating their tax burden or side-stepping it all together through a process that is now manifestly corrupt.

Mr. Temporary Deputy Speaker, Sir, the ministers never before exposed corruption in Government. They never attacked of malpractices and excesses by big business people. Yet, if you look at what goes on, in actual fact, when you talk about corruption, you are not talking about the small wage earner. You are talking about somebody who is probably at the level of a TSC employee. If you go to TSC and you are looking for a teacher's file, unless you give Kitu Kidogo, that file will never be found. If you yield, the file will be found very promptly. This is really what corruption is all about. It is the big money earners; those who land Government contracts to surface roads who have been exploiting this country. To resurface a road, say, from Timboroa to Eldoret, the specifications are clearly laid out, but they will use the smallest amount of cement on that road, so that within six months, potholes have developed again and the motorist is at risk.

Mr. Temporary Deputy Speaker, Sir, the classical definition of corruption is the utilising of what belongs to many - in this case, all the taxpayers of this country - by a few people who have the opportunity to help themselves to what belongs to a lot of people. If this Government is going to succeed in eradicating corruption from our society, root and branch, it must start with itself. The Government must look from within its own ranks

and perform a major surgery of removing all the people who year after year, have been named in the Public Accounts Committee Reports and, by the Controller and Auditor-General. The Public Accounts Committee has recommended that they be prosecuted, sacked and surcharged, but no action has been taken. When I listened to this Budget, my immediate reaction was: That, here is an attempt to implement posthumously all the recommendations the Public Accounts Committee has made. I must pay compliment to the Government. I think, admission of a problem is the first step of finding a solution to that problem. The fact that the Government today, knows that public officials entrusted with certain responsibilities have not performed up to par and abused that responsibility is the first step towards finding a solution.

Mr. Temporary Deputy Speaker, Sir, when Finance Ministers for the last five years or so chose the easy option of simply trying to raise money through taxation and never paying attention to malpractices within the system and failure by the system to collect revenues due to Government, they were doing this country a disservice. If all the customs duty that is due and payable to this country were collected from the Port of Mombasa, I do not think that this Government would have a problem with the teachers salary at all. But nobody seems to pay any custom duty. If they do, it goes to someone's pocket and the Government gets only a token. I would like to urge, that if the Finance Minister is serious about resuscitating this economy, then the first step is that, the Government must collect all monies due to it. The next step is for the Government to fulfil its duty towards the taxpayer and this country. The Government owes a duty of care to the taxpayers of this country; that the money that is earned through sweat by the Kenyan worker is not abused or misappropriated by the fat cats at the top who do not pay taxes. I would like to suggest that the Minister - since he has set for himself a really big task - must make sure that all the sources of revenue in this country are tapped, all revenue due to Government is collected and that there is no more awarding of contracts on a corrupt basis. We know all the corrupt contractors in this country, and yet, they are the same ones who keep getting contracts. In fact, I think the Government in a way, slapped itself in the face over that infamous luncheon at the Hotel Intercontinental, when people who have enjoyed favours and patronage from the Government, turned out blatantly to contribute so much money to one party only. In my opinion, that is one way of rigging.

Mr. Temporary Deputy Speaker, Sir, companies that have been well known for getting Government contracts to build roads and not building them or doing a shoddy job, should be blacklisted and never be given a Government contract again. All those people who are known to have misappropriated Government money must now be taken to court if we are serious. There was a case of the PCs Office, Nairobi, which, through a woman DO--- I am sorry, hon. Seii has just said that there was no woman who was corrupt. There was a corrupt woman DO in Kasarani who charged people about Kshs30,000 to Kshs50,000 per plot, knowing very well, that, that land had been allocated to the Kasarani Sports Complex. This lady is known to have built all kinds of storeyed houses, all over this country, yet wananchi who either knowingly or unknowingly purchased those plots and went ahead to develop them now stand to lose them. Perhaps the Government ought to go after the DO's assets, sell them and then re-imburse these people the money they paid to the DO, if it wants to be fair.

Mr. Temporary Deputy Speaker, Sir, I would like to conclude by touching upon the thorny issue of the teachers' salaries. My understanding of the working of the Government is that, any *bona fide* Government official who undertakes negotiations on behalf of the Government, commits the Government absolutely. In this teachers' pay issue, negotiations were held at very high level, and the Government agreed to pay the teachers. Now, to try and wriggle out of such a solemn undertaking will leave the Government with a reputation being untrustworthy; that, its word does not count for anything. Other methods must be found, and found immediately, maybe by selling some of the Government assets to honour the Government's pledge to the teachers.

With those few words, I beg to support.

The Assistant Minister for Finance (Mr. Arap-Kirui): Thank you very much, Mr. Temporary Deputy Speaker, Sir, for according me this opportunity to contribute to this debate. I think you ought to give a man his dues. In this case, I would like to congratulate the Minister for Finance, as most of the hon. Members who have spoken here have done, for drawing up a very bold and innovative Budget. Although many contrary opinions have been advanced on the Budget, we must ask ourselves whether we should borrow or not. This is probably the question we should ask ourselves. Some earlier speakers have tended to turn the issue way out by saying that we have not been able to raise the funds that we need. We have been borrowing both locally and internationally. But this time, the Government has taken the hard option, which is not to borrow at all. We will not borrow until our house is in order. This is a bold move. At the end of the day, the Minister for Finance has been able to balance his Budget. In fact, this is not a gimmick: It is a fact. If we want to balance our Budget, we should begin with financial discipline. In fact, the operative word has been "restraint" and hence the balanced Budget.

Mr. Temporary Deputy Speaker, Sir, opinions have been expressed on the willingness of our Government to implement the proposals made by the Minister for Finance in his Budget Speech. I am sure that, that will be

adequately responded to later on. For some of us, it is going to be a fight, but there is a lot of goodwill from the Government. Some hon. Members have said in this House earlier that we are dealing with a new Government, a Government that is adopting new approaches, and willing to carry along all Kenyans in an attempt to solve their problems. We would like to see this goodwill being reciprocated. This will be the only way to go forward. If I may quote the Minister for Finance, in his Budget Speech he accepted that the task before us was demanding. He emphasised that it can only be effectively dealt with if all Kenyans come together in a concerted effort, irrespective of their political party affiliation. What this country needs is unity of purpose. This unity calls for all of us to pool our efforts together. It is not enough, as some hon. Members said for us to try and adopt some measures, or look for mechanisms, that seek for solutions outside this House. All of us were elected as representatives of our people. We are representatives in finding solutions to their problems and putting across the difficulties that they face in their daily life. We should not abdicate this role and talk of a multi-sectoral commission, or any other commission outside this House. We need to face up to certain realities in this country.

Mr. Temporary Deputy Speaker, Sir, different parts of our country are at different levels of development. If the truth is to be said, we might divide our country into four or five different regions according to their level of development. We cannot do what some of our hon. Members want us to do. They suggest solutions that might be good for one section of our population, but bad for the others.

Mr. Temporary Deputy Speaker, Sir, we have talked about liberalisation. The word is very nice and current. There are certain parts of our communities that still require a lot of intervention from the Government. Our agricultural community is one of such communities. If we begin with towns and classify them, we might say that one town deserves certain projects in dealing with its problem. Certain areas from which some of us come still require a lot of attention from the Government. I am one person who comes from a tea growing area. In that area, which is located in the west of the Rift Valley, we grow as much tea as the areas in east of the Rift Valley do. In the east of the Rift Valley, there are twice the number of tea factories that we have in the west of it. This is an example of a distorted level of development in this country. I can only say that this was intentional. When we talk of liberalising the tea industry we mean that we should dismantle the Kenya Tea Development Authority (KTDA) and sell its assets to tea factories. If we do this we will sell these assets to 30 factories in the east of the Rift Valley as compared with 13 factories in the west of the Rift Valley. Unfortunately, the management of the KTDA has been drawn exclusively from the east of the Rift Valley.

Mr. Michuki: On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the Assistant Minister in order to anticipate a debate knowing, as he does, that there is a Motion pending before this House which deals with the same issue he is now trying to discuss? Is he in order to anticipate that debate?

The Assistant Minister for Finance (Mr. Arap-Kirui): Mr. Temporary Deputy Speaker, Sir, it is not my intention to anticipate any debate in this House. I hope I will have an opportunity to put my points across. I am merely illustrating the different levels of development that we have in this country. Due to these different levels, there should be different approaches to the solutions of our problems.

Many hon. Members have referred to the teachers' salaries. All of us sympathise with them. We like and love the teachers. But I think we have to mention certain facts concerning their salaries. What the Minister for Finance talked about in the Budget was the renegotiation of their salaries. Renegotiation does not mean reduction of their salaries, unless we want to anticipate the outcome of that renegotiation. We do not need to anticipate the results of the re-negotiation. Let the Government and the teachers sit down and renegotiate. They are accepting that certain mistakes were made. If mistakes were made, I do not see why we should not be brave enough to admit that. At the end of the day, we love our teachers and we would like to encourage them.

With those few remarks, I beg to support.

Mr. Osundwa: Thank you, Mr. Temporary Deputy Speaker, Sir. In supporting the Motion, I would like to thank the Minister for Finance for suspending the presumptive income tax on farm produce. But coming from an agricultural Constituency, I would like to impress upon the Minister, to completely abolish this particular tax, which has been acting as a dis-incentive to the farmers, who rely on farm produce as their only source of survival. There is very little evidence to show that the Government has done anything to improve the farmers' lot.

The Minister cited bad weather as one of the major constraints facing agricultural development. But I would like to say that the high cost of inputs and finance are a major contributor to the decline of the agricultural sector. Cheap imports have also contributed a lot. In 1995, the Government commissioned a firm to look into the producer price of cane, and recommended a price of Kshs2,200 per tonne. I am sorry to say that up to now, this has not been the case. The farmers are paid Kshs1,700 per tonne. This is a great discouragement to the farmers.

On the issue of crop research, I would like to appeal to the Minister to avail more funds to crop research stations. I have in mind crops like cotton and sisal. Currently, we have research stations dealing with coffee and

tea. The stations dealing with cotton and sugar have been left alone. I do not know whether it is by coincidence that these crops happen to be grown in Western Kenya. I would like to ask the Minister to consider extending more funds to research stations dealing with cotton and sugar.

Mr. Temporary Deputy Speaker, Sir, the privatisation of commercial and strategic enterprises went on very well. I would like to commend the Government for off-loading additional 25 per cent of its shares in the Kenya Commercial Bank. We would like to know how much money was raised from the already privatised firms.

In the case of Mumias Sugar Company (MSC), I regret to say that there is a foreign firm (I will not name it now) that is engaged in systematically destroying the MSC, so that by the time it is privatised, it will be sold off as a second-hand company. The farmers in Mumias will not allow this situation to continue. I have startling figures to prove that this UK based firm is fleecing the MSC. Up to now, and for the first time, the company is running a huge overdraft since its inception. When the Ministry of Agriculture will bring their Vote before us, I might be forced to disclose the ills that this foreign firm has perpetuated.

Mr. Temporary Deputy Speaker, Sir, on the fiscal and expenditure policies, I would like to commend the Minister for Finance for his policies on the leasing of accommodation for Government officers. I would like him to stop this practice because a few years ago, the Government condemned 505 houses in Nairobi. These houses were allocated to politically-correct people who only paid a token premium of between Kshs40,000 to Kshs60,000, and later resold these houses at between Kshs20 million to Kshs25 million. I am wondering why the Government decided to collect only Kshs40,000 for a unit and not Kshs20 million. I have looked at an advert from the Ministry of Public Works and Housing, asking for houses, bungalows and maisonettes for lease. I am wondering why the Government should dispose off houses in areas like Kileleshwa and Lavington, and then ask to lease houses in the same areas. This is ridiculous! I do not think any sane Member, even from KANU would support such a venture. It is a shame! Why should the Government dispose off such prime property, only to come and ask for the lease of the same? I would like the Minister for Finance, when replying to this Motion, to comment on this issue.

Mr. Temporary Deputy Speaker, Sir, another issue is the appointments in the Civil Service. It would appear that the Public Service Commission (PSC) has become a mere rubber stamp to decisions made elsewhere. We find only members from two or three communities holding senior public positions like the District Officers, District Commissioners and so forth. I do not think for a moment that only Members from three tribes are fit to hold senior administrative positions in the Civil Service. I would like the PSC to improve on this, and not just act as a mere rubber stamp.

Finally, Mr. Temporary Deputy Speaker, Sir, I would like to say something concerning the mass media. We have several media houses in this country, and it is a shame that one of the leading newspapers---

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. Hon. Osundwa has made a very serious allegation that senior positions in the Civil Service are held by members from only three ethnic communities. He is responsible for the truth of that statement. Could he be called upon to substantiate?

The Temporary Deputy Speaker (Mr. Poghisio): Order, Mr. Osundwa! It is incumbent upon every Member to be responsible for the accuracy of facts given here. I now order you to either substantiate or withdraw your remarks.

Mr. Osundwa: Thank you, Mr. Temporary Deputy Speaker, Sir. If given time, I would like to substantiate my allegation next week.

Hon. Members: Table them!

The Temporary Deputy Speaker (Mr. Poghisio): Order! Order! Mr. Osundwa, would you then withdraw the statement?

Mr. Osundwa: Thank you, Mr. Temporary Deputy Speaker, Sir. I beg to withdraw. Well, I said I might substantiate later.

(Laughter)

Finally, Mr. Temporary Deputy Speaker, Sir, I wanted to touch on the media houses in this country. It is a shame that one of the leading newspapers in this country has to force a senior journalist to resign, just because he refused to serve tribal interests. This is, indeed, unfortunate and I want the Minister for Information and Broadcasting to take note of this. The media in this country should treat their employees favourably. I do not have to add much on that, what I am referring to is common knowledge. Therefore, I want to end my speech by supporting the Budget.

Thank you.

Dr. Ochuodho: Thank you, Mr. Temporary Deputy Speaker, Sir. It strikes me that if we hope to revive the economy from its current condition, infrastructural rehabilitation and development need to be a priority. I am a bit saddened that the provisions that are being made by the Minister for that sector, that is the infrastructure especially the road network, do not seem to be adequate. I do appreciate that there is no adequate provision for anything, but I would want to believe that he could have done a little better by providing a little more for the infrastructure. I am delighted that many times, we talk about the Mombasa-Nairobi Road as a lifeline to our country. I am a bit saddened that the Mombasa-Nairobi Highway is just part of the Trans-African Highway. Often, we ignore the Nairobi-Western Kenya Highway. I want to appeal that in allocating resources for road development, we allocate even more resources also for that sector from Nairobi to Eldoret and from Kisumu to Malava, because this, in my opinion, in addition to the Mombasa-Nairobi Road, are the lifeline of our country. Also, I think the Minister needs to make more allocations for other roads, especially in my constituency. There are certain roads that traverse areas that are agriculturally rich, particularly the roads between Oyugis and Rodi-Kopany, Kendu Bay and Homa Bay, right up to Suba. This is an agriculturally rich area whereby the country could be getting a lot of money if we had proper and adequate road network. I also want to call upon the Ministry to explore the area of commercialisation of some of these road networks. If they are not able to provide adequate transport, then we should experiment with some of them by commercialising the road network.

I also want to address the issue of empowerment and reassertion of the authority of Parliament. I think Parliament has abrogated some of its duties. There are some things that Parliament is entitled to do which it is currently not doing. There has been a lot of talk about reduction of Ministries and so forth. We know very well that the Constitution of this country does empower Parliament to create Ministries, but Parliament is just watching and making noise, and not doing anything about ensuring that it lives up to its obligations as per the Constitution.

I think we need to focus on empowering Parliament, and one way of empowering Parliament, I would recommend, is the revival of the Estimates Committee and, possibly, the creation of an implementation committee.

Listening to the Mombasa and Mbagathi fora, what seems to be emerging is lack of implementation. We come up with good ideas, but our record of implementation is very poor and wanting.

I would want to observe the fact that whereas there seems to be a number of facts that we are calling conditions that are given by the World Bank and IMF, I was saddened to learn that some of these conditions are actually the Government conditions because the Government signed for them. For example, the condition of cost-sharing. I am a bit saddened that Parliament does not seem to have major input in some of these conditions. I am further saddened to learn that at one stage, the Central Bank of Kenya used to submit quarterly reports to Parliament, but I understand that this House never used to go through them so as to ask any questions. I think it reached a stage whereby the Central Bank stopped forwarding those quarterly reports. I want to challenge Parliament that it is time that we reasserted the authority and the sanctity of Parliament. I would want to propose that one way to do that is by providing research capability to parliamentarians and, maybe, expanding and modernising our library in order to turn it into an information and resource centre. This would be a way of empowerment and, of course, providing parliamentarians with technical input.

I would also want to talk about education. I do realise that education consumes a larger share of our resources. Whereas I am a bit indifferent when it comes to the issue of reducing the number of teachers, I think our greatest problem is ghost teachers, lack of suitable, appropriate and accurate information. If somebody asks; "how many teachers are there in one district, or one province?"; chances are that one would get about 10 different answers. I think we need to start by identifying and getting rid of ghost teachers, even before we think of renegotiating salaries. I am also delighted to note that recently a commission was formed to review our education system, but I am a bit saddened that about a month later not much seems to have happened. I am equally saddened that, much as I may not know very much the difference between a doctor and a professor, that a doctor whose reputation is in question has been selected to chair this very vital commission. I would also want to observe that while we have the objective to industrialise by the year 2020, the representation of the technically-orientated and gender balance seems to be wanting with regard to that commission.

Mr. Temporary Deputy Speaker, Sir, I would also want to address the issue of the role of informatics in terms of reviving our economy. We do know that there is no better cure to productivity, efficiency and corruption than using modern information systems. The issue of teachers is just one area where information systems should help to cut down on unnecessary expenditure. But the issue of repatriation of money held abroad is a mystery because we do not know who is holding how much, and where. I do not think we would get adequate and accurate information. So, I would like to appeal to the Ministry to look into the issue of strengthening our information systems, maybe even think in terms of creating our national informatics commission.

Finally, Mr. Temporary Deputy Speaker, Sir, I would want to address the issue of the fish industry. We do appreciate that this industry has got the potential to produce Kshs5 billion annually for this country. The issue

of the European Union ban on fish imports and fish products is a major concern for those from around the lake and other areas where fish is produced. I want to challenge the Government to do everything possible to ensure that the ban on fish imports is lifted. I also want to bring to the attention of Parliament the fact that we are not only affected by the foreign exports, we are also being harassed by our fellow men in other major towns, especially in Nairobi. We know that at Quarry Road Market, fishmongers were kicked out because it was alleged they were making the market untidy. We further do realise that at the City Market fishmongers, have recently been thrown out for similar reasons. We do appreciate, however, that there are other hawkers, especially florists, who are also doing the same, but they are not being victimised. In fact, at one point, these fishmongers were told that they should go and sell their fish in Kabarak. It strikes me that is mere discrimination disguised as concern for health. I would, therefore, want to call upon the relevant Ministry to ensure that we make ready markets available for our products as a way of improving our economy.

Finally, it may be necessary for us to think of launching some form of affirmative action because we do realise that different parts of the country seem to be in different stages of development. When we are apportioning resources for development, I think there are some less advantaged parts of the country which deserve more allocation.

With those remarks, I beg to support.

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir---

Mr. Munyasia: On a point of order, Mr. Temporary Deputy Speaker, Sir. It would appear that we have a whole hour to the end of our time today and the Minister responding is only going to take 30 minutes. What are we going to do with the rest of the time? I thought that you should give those who would like to contribute to this Motion 30 minutes before the Minister can be called upon to reply.

The Temporary Deputy Speaker (Mr. Poghisio): Okay, this is the position as it is now. The Speaker does not really have a limit on the time to reply and he has made prior communication that the Minister needs one hour to reply.

Mr. Anyona: On a point of order, Mr. Temporary Deputy Speaker, Sir. I appreciate both sides of the story. The Minister wants some time to be able to adequately deal with issues that have been raised. Members, including myself, also wish to speak. We find ourselves in a position where our own procedures are deficient so that you cannot even authoritatively rule that it is this way or the other way. So, the House will have to reach some kind of compromise. If you look at the rest of the resolution which is the one that governs this procedure that was passed here, the correct position is that in (i) of the of the resolution, you will notice there that, there is no time limitation that has been provided for, while part (ii) deals with the Committee of Supply. I know my Standing Orders; part (ii) deals with the question relating to the period when the Ministers come to move their individual votes. The one that deals with the financial statements is (i) and if you read that, you can see that, the time stipulated for the Minister was not included. If it was not included then what we have on this Order Paper is not right. Therefore, I think, for the convenience of this House and because it is important, the Minister should as fully as possible, respond to the views that have been expressed so that at least, we have some indication of where we are going. We can raise the other issues when we come to discuss the procedures governing the Committee of Supply. I would agree that the Minister should reply, but in actual fact, the procedure is deficient and since the Speaker also, I think, maybe for a good reason, had noticed that there was this deficiency, had indicated that the Minister should reply. I think we should allow the Minister to reply. Thank you.

The Temporary Deputy Speaker (Mr. Poghisio): Okay, could the Minister now please reply?

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, I beg to respond.

First, I would like to thank all hon. Members for their frank and constructive contributions to the Financial Statement. In the same spirit, I would like to respond to some of the salient issues raised during this debate. Before I cover some of these salient points, there is an area that I would like to emphasise. This is that the Financial Statement, and the Bill that will follow, all take into account one major problem. It is an enormous problem that this country is facing. It is a problem that cannot be resolved to create comfort in this country within one Financial Year. That is the economic situation facing this country. It is so enormous that what we have presented to this House is the beginning of a journey on a difficult road. It is a journey that is not going to be easy for all the leaders in this House and the leaders outside this House.

Mr. Temporary Deputy Speaker, Sir, when I talk about the enormous problem, let me indicate to this House the size of the problem in one way or another so that you can appreciate the difficulties that the country is facing. More than 13 million out of 30 million people in this country do not know what they are going to eat tonight. They do not know how they will survive tomorrow. That is a major problem. Imagine 13 million people living below the poverty line. These people are entitled to make a living in their country. These people are

entitled like ourselves to be contented that they are living in a country worth living in. Therefore, things must be done to help these people to come out of that situation.

Mr. Temporary Deputy Speaker, Sir, those are the people living below the poverty line. We have been very fortunate in this country. God has blessed us with children. Since Independence we have struggled to provide education for our children. As I address this House now, we have university graduates and high school graduates numbering more than four million who are unemployed. They are people looking for jobs. When you create hope for your child by taking him or her to school and that child gets some education and later gets a certificate and then comes out into the country with good certificates, but cannot get him a job, then that creates hopelessness in him. That is a difficult situation and all of you in this House should realise that. Imagine your own child who used to wake up early in the morning to go to school gets a certificate and when he comes at the end of the term he tells you: "Dad and mum, here I am with my certificates". Of course, you will smile but besides that smile, there is very little that you can do. Parents normally open the door for their children to go to the country, where there is no hope for them. That is a very bitter situation we have got to face in this country.

Mr. Temporary Deputy Speaker, Sir, I am making the point as a preview of the message that I want to convey this afternoon that those of us in employment here in this House and outside should feel contented with what you are eating now and think about 13 million people who are unemployed. They must also have something to eat before you ask them to sacrifice. That is the message that I want all of us to understand; that all those people who have nothing also want to eat.

It is not just those who have jobs who must continue saying, "We want to eat." What about those other jobless fellows? Why did God bring them here? He put them in Kenya like you and me, and we now have to accept that there is a difficult situation here. Those who happen to be fortunate like ourselves in this House and those out there in employment, must sacrifice until we pull out these people from the swamp where they find themselves in, so that they can also have something to eat.

Mr. Temporary Deputy Speaker, Sir, I do not want to go back to history as to why we find ourselves in this situation of difficult economic situation, because I believe very strongly that, when you are milking a cow and the milk pours down, you cannot salvage it. You should instead try to feed that cow to milk it later. That is what I want you to understand: That, let us now work very hard, rather than taking us back to history. This is not an amusing matter. I am appealing to this House. Let us not laugh about it, but let us think about the future, because we can spend hours and days talking about the history of all the messes and mistakes. But what will that give us? What will that give to the desperate people who are not employed? Let us now say that, whatever mistakes we have done, let us put them behind and turn to the right direction and do things right for our people.

So, I would like to say that I am extremely encouraged by the fact that nearly all hon. Members who contributed to the debate shared a national concern that I just outlined, regarding the state of the economy and the need to reverse the situation, in order to create jobs for Kenyans and reduce poverty in our midst. The contributions that have been made by hon. Members have been like teaching ourselves and particularly, those of us who have been given the responsibility to serve this nation. We have learnt a lot from you and what is contained in my Financial Statement will certainly be more expanded when it comes to moving forward with the policy implementation, because what you have stated will be taken into account. Therefore, we should not take it that when you stood up, you criticised, or whatever you said. Let us not come to the conclusion that: "Yes I made my speech to the House." You have educated the country and we will take what you have said into account.

Mr. Temporary Deputy Speaker, Sir, like many other Kenyans, Members have expressed the need to address the root causes of the unsatisfactory situation of our economy. As will be noted from the Financial Statement, this difficult situation has come about because of very many factors, which I would not like to outline because it will take a very long time. But some of the problems must be dealt with and some hon. Members have touched on them, for example, the issue of interest rates. We must ask ourselves the question why in July last year, the interest rates were around 18 per cent and when the International Monetary Fund (IMF) questioned our economic performance, they pulled out. The same month, the interest rate jumped to 27 per cent. This, in itself, shows that, because of the way we were managing our economy, we were being seen as a risk to countries with stable economies. Therefore, any investor, whether internal or external, had to add the risk interest and, according to our calculations, the risk interest alone is 7 per cent. In other words, we must be seen to be managing our economy correctly, and that perception of the correct management will contribute to reducing the interest. This is because people will have confidence in our management and they would lend money and invest here at a lesser cost.

There is another area which has increased interest rates and I must say that our brothers who are running financial institutions, are also not being very fair to Kenyans. Firstly, let me tell you this. I saw bank employees going on strike because we were taxing their privileges. Those privileges have also contributed to

increasing interest rates. This is because, if I am a bank official and I take a loan at 7 per cent interest rate and the depositor expects to be paid 20 per cent of his deposit, where will the 13 per cent come from? That is costal money. When you go to borrow, that subsidy which has been given to the worker, because the depositor is going to ask for his interest, is loaded on the borrower. When we are told about costal money and therefore, it is passed on to the borrower, has anybody taken the trouble to know the wages of those people in the banks? Some managers in the banks are earning as much as Kshs300,000 or Kshs400,000. Together with allowances, senior managers are earning an average of Kshs800,000 a month. That is costal money. Who meets the costal money? It is the borrower. These are the problems we are facing in this country and everybody has to be honest. That is why I am asking this House that we must campaign and make sure that the moral aspect gets into our heads and we think about our brothers who are poor and unemployed, instead of asking for salary increases. All of you here, hon. Members, you know your meagre salary which people keep on saying it should be reduced. I wish Kenyans knew the journeys the Members of Parliament make. I wish somebody went to the homes of Members of Parliament in the morning. I wish those who want our salaries to be reduced could come here and see how many people are waiting at the gate for hon. Members.

Mr. Temporary Deputy Speaker, Sir, even if an hon. Member earns a lot of money, I can tell you that - this is my sixth year as an hon. Member - there is nobody in this country who is expected to practise the African social system of extended family more than an hon. Member. Whatever hon. Members earn is spent on their constituents and other people. This is a point which is not understood by Kenyans. We have managing directors who earn a lot of money. But how many people do they look after? So we have to be serious and fair to one another.

Mr. Temporary Deputy Speaker, Sir, when we talk about the poor state of infrastructure in this country what comes to our mind is corruption. It does not mean that the Government has been lacking or does not allocate money to do roads. Bad roads are a reminder of rampant corruption in this country. That is why in my Financial Statement I stated - I did not hear any hon. Member support me - that any contractor suspected to be corrupt and who does a bad job should be expunged from the list of qualified contractors. That is what is needed in this country so that liabilities are totally removed from our midst.

(Applause)

The best way to deal with corruption in this country is to isolate anybody guilty of it. It is not a question of investigations, but expunging his name from the list of contractors who are doing a good job in this country. That is what we would like to see happening in this country.

Power shortages have contributed to very poor performance of our industries. We, in the Treasury, work very closely with the Central of Bank Kenya, which looks after our foreign exchange earnings. The amount of money investors have spent on buying generators to supplement power supply is a lot. We have lost a lot of money, as a country, in an attempt to make the industries function by buying generators. This is why the Government wants to privatise the energy sector so that there is enough supply of power in the country. It is a pity to see factories collapsing because of lack of power. I do not want to be personal in this matter, but I can tell you that I have been a baker for the last 45 years and have suffered a lot because of power shortages in this country. For example, when bread is baked and put into the fermentation container and then there is a power blackout, then every piece of it is spoiled. In such circumstances, the baker loses millions of shillings.

Hon. Members: Pole sana!

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, they are telling me "pole", but they have also suffered in the same circumstances. This is one area which must be given immediate attention, if the economy will pick up. Our factories must work full time.

On telecommunications we have to be efficient. Nowadays, there is no business that you can transact if you cannot get to the external market. Business is not just a local matter. It is an international one. Some hon. Members are in the horticultural sector, and we know that if our flowers leave for auctioning, for instance, tomorrow morning, in Europe, we need to follow up and know whether the auction took place and what price it fetched. You may find that you cannot call the overseas market because telephone lines are always engaged or insufficient. The telephone operator will tell you that lines are engaged and you will be put through as soon as possible. Who is going to put you through? We need to organise ourselves as far as the telecommunications sector is concerned. This is one area where the Government has made a commitment that it will privatise. A Bill concerning it has already been brought to this House and I hope hon. Members will vote for it so that the Government can privatise this sector as soon as possible.

Mr. Temporary Deputy Speaker, Sir, I will put much emphasis on security because it is an area that I

reasonably understand well. It is not only the role of the policemen to maintain security and order in this country.

There can be security on the basis of how we conduct ourselves in our day-to-day activities. Our utterances at public meetings can create tension among different communities. The way we treat one another can also contribute to insecurity. Tribalism is an issue of security concern. We do not have to say that we belong to a certain tribe and so on. Let us also contribute to the creation of stability and tranquillity in this country. Please, do not incite the youths to go into the streets and steal. Anybody who incites them to riot and loot is contributing to insecurity in the country. It is not just the criminals who contribute to a state of insecurity in this country. Do we ask ourselves, for instance, why Mr. Popat, the owner of M/s Simba Colt Motors Limited, was kidnapped by a university graduate? Did that young man want to become a criminal?

How could he have wanted to be a criminal? Obviously, everyone would want to work. But in the absence of an honest life, some people resort to criminal activities. They are not the only ones. Let us work and create comfort for these people and reduce this problem of insecurity. If one is contented, he will not give you any problems. So, we need to create a feeling of belonging to our nation and focus our efforts towards a better future. We, as leaders, have been mandated to lead. So, let us show our people that we are concerned about them; let us help them to become good citizens. They can all become good citizens when they see a bright future.

Mr. Temporary Deputy Speaker, Sir, I have been listening to hon. Members as they contributed to this Motion. The leader of the Official Opposition, hon. Mwai Kibaki, who is a very close friend of mine, while contributing to this Motion, said that we should not talk about a balanced Budget. I think I take his views genuinely. But we need to understand that when we talk of a balanced Budget, we are talking about avoiding deficits in the Budget. We want to spend only what we have. Once you start working with a deficit you will be forced to borrow, thus increasing debts. This is what we are trying to avoid by sticking to a balanced Budget. We do not want to borrow more than what we can collect in form of revenue.

It was also stated in this House that a balanced Budget will stop us from borrowing money for development. It will be realised later when we look at the Finance Bill and funds allocated to Ministries and Departments that the balanced Budget I presented takes into account what we are able to borrow from outside. Also, the borrowing arrangements are included in our Budget. What I have tried to avoid is to borrow beyond what I can cope with because we want to create a good image for the country. If you borrow a lot of money and default payment, the good name of the country will be tarnished. Therefore, I am dealing with a situation that will allow me to borrow which I will be able to cope with when it comes to repayment. I do not want to borrow a lot of money then, later on, we start running up and down asking our creditors to write off the debts. Our creditors will say: "Mwafrika mjinga anashindwa kulipa deni". We do not want to deal with such kind of situation. We are already in this kind of mess. Right now, as I am talking, my wife is packing my box; I am going to fly to Brussels tonight, to discuss our indebtedness. We are poor people who are being harassed all the time over unpaid debts and, you are telling me to go and borrow more for development. If I borrow more money, how shall I repay it back? So, let us not talk about over-borrowing.

Mr. Ndwiga: On a point of order, Mr. Temporary Deputy Speaker, Sir, I really, do not wish to interrupt the hon. Minister as he continues to reply to Members' contribution but, I think the House would like a clarification on this. You cannot talk of a balanced Budget when you have left out key components of what you are supposed to repay during this same Financial Year. For example, the Budget left out what the Government owes outside. We are kidding ourselves because we can play about with figures and say: "Yes, we have a balanced Budget". Truly, are we not kidding ourselves if we have left out certain components of the Budget?

The Temporary Deputy Speaker (Mr. Pogishio): Order! Order! Proceed, Mr. Nyachae!

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, that is not even a point of order. However, the simple reply to the hon. Member is that we have internal debts which we have entered into our books of accounts as required. We know that we are obligated to repay this portion of debt during this Financial Year. It does not matter whether we talk of internal or external debt. What matters is paying back what we can afford to pay back.

Mr. Mr. Temporary Deputy Speaker, Sir, let me also mention the issue of teachers. I want to confirm here that we all appreciate the good work teachers are doing. We also accept that there was an agreement. However, under the current economic situation, it is, simply, not possible to cope with the agreement reached between teachers and the Government last year. I would like to say that the Government values the good work being done by public servants, teachers included. But what we are saying, and I do not want to be misunderstood here, is that the Government will not interfere with what teachers got as part of salary increment last year. We are drawing the attention of teachers and civil servants to the fact that what they have been given cannot be interfered with as far as instalments are concerned. There is no way I can raise an extra Kshs.17 billion for this year's teachers' special increment and another Kshs15 billion to pay civil servants. What I am able to raise is the normal annual salary

increment of four per percent which will be paid to public servants. However, we are not saying that we have ignored everything that the teachers want. We are asking for time for the economy to pick up. I am telling the House and the teachers that there is no way they can be given the salary increment that was agreed upon last year. Teachers love children. They love the 4 million people who are unemployed today. Should we allow teachers to eat while the "children" they taught continue roaming in the streets? This is the issue I am raising here.

Let us be reasonable to ourselves! In this connection, I would like to mention here that even in this agreement, while we are talking about re-negotiation, it is not just simply the question of deferring. It also about the manner in which this agreement was structured. As of now, a headmaster of a secondary school in Mangu, Kagumo, Maseno or Alliance High School is earning more than the Director of Education. The figures here show quite clearly that a headmaster of an ordinary secondary school in a district is earning more than the District Commissioner, the District Agricultural Officer and so on. I have a paper here, to show that these anomalies do actually exist in this agreement. This paper also details the training period for agricultural officers and teachers. I am only making this point--- My time is very limited.

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

The Temporary Deputy Speaker (Mr. Poghiso): Order, hon. Members! Would you please, allow the Minister to finish?

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, I am responding to the debate on the Financial Statement and I am not supposed to be interrupted. They have no right to interrupt me when I am responding.

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

The Temporary Deputy Speaker (Mr. Poghiso): Order, hon. Members! We will allow the Minister to proceed and that is the ruling from the Chair.

The Minister for Finance (Mr. Nyachae): Mr. Temporary Deputy Speaker, Sir, the remarks made by hon. Members to the effect that the Financial Statement did not touch on food production and general food security in the country are not true.

Mr. Munyasia: Are you through with the issue of the teachers?

The Minister for Finance (Mr. Nyachae): The teachers are not the only people I am talking about. I have talked about the poor and unemployed people in this country and you cannot go on pushing me to talk about teachers.

Mr. Temporary Deputy Speaker, Sir, the subject of food production and general food security in the country was covered on pages eight and nine of the Financial Statement. The only thing which I want to emphasize to hon. Members is that I did promise this House in the Financial Statement that we are working on a scheme which can enable us to produce more food. That scheme will be operational in 1999. I stated that, but details will be brought to this House later on. I would like to appeal to hon. Members that when they go out there to address public rallies and other meetings, they should encourage food production as well.

Mr. Temporary Deputy Speaker, Sir, we have had a lot of corruption in revenue collection. We now have a police unit. I would like to say this: First, everyone has a contribution to make to deal with corruption. Corruption is a two-way traffic. If we know of someone who is corrupt, we must refuse to deal with him. Civil servants must refuse to be corrupted by the private sector. I am appealing to the private sector as well not to tempt Government officers.

An hon. Member: This is the work of a priest!

The Minister for Finance (Mr. Nyachae): I am listening to some remarks from the Members, and it is a clear indication that when somebody says; " that is the work of a priest", he is really on the surrendering side. This is something that we have to fight. I can assure you that corruption is the toughest thing we are going to fight in this country. Until we deal with corruption firmly, the economy cannot move.

Hon. Members have expressed reservations regarding the Government's commitment to implement the measures contained in the Financial Statement. Let me take this opportunity to assure hon. Members that the Government is fully committed to revitalising the economy. Hon. Members, you recall that none other than His Excellency the President has recently chaired a number of fora where the need to turn the economy around has been discussed and you have been there. This is a sign that the Government side wants you to join us as at tea; as people belonging to the same nation to revitalise this economy for the sake of our people.

In conclusion, let me once again mention to the hon. Members that there is nothing that was stated in the Financial Statement, which was aimed at hurting anybody. There is the issue of the second-hand vehicles. The Financial Statement did not say that the second-hand vehicles should not be imported. What we are saying is that they can be imported but only if they are functional for five years. They will be allowed in and there is no problem.

However, we are now being cheated by outsiders who sell us rejected vehicles from their countries, then they are assembled and exported here. Some of these vehicles have been off-loaded from the ships but have never moved from the Mombasa Port. We are spending more money to purchase spare parts for these vehicles than the money we are spending on genuine vehicles. If you check in the external resources records, you will find that these old rejected vehicles are using up more money in the form of importation of spare parts than the actual value of the vehicles that are coming in. This is damaging the economy. That is the position.

Even if you people become arch-deacons, popes and so forth, you are not going to please everybody.

An hon. Member: There is only one Pope!

The Minister for Finance (Mr. Nyachae): No. That is the Catholic Pope. There is another pope in Egypt, if you do not know.

Mr. Temporary Deputy Speaker, Sir, I want to conclude by dealing with the issue of pending bills. Hon. Mwai Kibaki was right when he said that, there is a figure of Kshs7.2 billion, allegedly relating to pending bills. I say "allegedly" because, so far, the majority of those bills are questionable and we, in the Treasury, have said: "All those pending bills, which have been brought to us suddenly, and which have been raised in the name of variation orders and so on and so forth, through crooked ways, have to be audited again." We can only--- And we have not catered in the books, bills worth Kshs2 billion, which we believe are genuine. As for all the others, until the Controller and Auditor-General tells us that these pending bills have been audited and he issues a certificate showing that they are genuine, I am not going to pay. So, that is the position regarding the pending bills.

Mr. Temporary Deputy Speaker, Sir, I know that I am not going to please everybody. I know that I am unpopular with a lot of people.

Hon. Members: Not all of us!

The Minister for Finance (Mr. Nyachae): But those who think that I am unpopular or I am not doing--- My conscience is clear. I am going to be strict and ensure that public money is not going to be "eaten" while I am there. I have very few years to live.

(Applause)

I do not have very many years to live, at my age. There are some people here, young men whose years--- But people like hon. Omamo, hon. Mwai Kibaki, hon. Ntimama and me here--- You know, all that we are concerned about here is to try and---

An hon. Member: And hon. Nassir!

(Mr. Nassir stood up in his place)

The Minister Finance (Mr. Nyachae): There is another one there!

(Laughter)

All that we are doing is; to try and, at least, leave the younger generation in the leadership with something to say, for example, "those wazees were not that bad, although we disliked them."

So, with those remarks, Mr. Temporary Deputy Speaker, Sir, I beg to move. Thank you.

(Applause)

An hon. Member: Amejaribu!

(Question put and agreed to)

(Applause)

ADJOURNMENT

The Temporary Deputy Speaker (Mr. Poghio): Hon. Members, it is now time for the interruption of business. The House is, therefore, adjourned until tomorrow, Thursday, 25th June, 1998, at 2.30 p.m.

The House rose at 6.25 p.m.