

# NATIONAL ASSEMBLY

## OFFICIAL REPORT

Tuesday, 2nd July, 1996

The House met at 2.30 p.m.

[Mr. Speaker in the Chair]

## PRAYERS

## ORAL ANSWERS TO QUESTIONS

*Question No. 197*

### ASSAULT OF SCHOOL GIRL BY ASSISTANT CHIEF

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

- (a) whether he is aware that the assistant chief of Nyonyi Sub-location in Nkuene Division of South Imenti Constituency assaulted and raped a school girl on 18th December, 1994, as a result of which she sustained bodily injuries and was treated at Consolata Hospital, Nkubu;
- (b) whether he is further aware that the said Assistant Chief attempted to rape and assault another lady on 11th June, 1995, as a result of which she sustained a fracture, and was hospitalised at Consolata Hospital, Nkubu; and,
- (c) when the Government will summarily dismiss the said assistant chief, and charge him in a court of law with the crimes of rape and assault.

**The Assistant Minister, Office of the President** (Mr. Awori): Mr. Speaker, Sir, I would like to ask for your indulgence, and that of my hon. Questioner on the other side of the House, that the answer that I received from my officers is inadequate and unsatisfactory, considering that both of us take the case of rape very seriously.

I have constituted extra investigations, and I am sure that I can bring back a fuller and better answer by Thursday this week.

**Mr. Speaker:** Is there any objection, hon. Murungi?

**Mr. Murungi:** Mr. Speaker, Sir, we are quite happy that the Assistant Minister is taking these rape cases by the assistant chief very seriously, and I would like to give him the time.

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

*(Question deferred)*

*Question No. 096*

### MURDER OF TWO PEOPLE IN SUBUKIA

**Dr. Lwali-Oyondi** asked the Minister of State, Office of the President:-

- (a) whether he could explain the circumstances that led to the murder of two people on the 21st and 22nd September, 1995, at Mihongo and Gitwamba farms in Subukia, which were reported to Subukia Police Station; and,
- (b) what steps he is taking to prevent such incidents.

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

- (a) The two people were killed by livestock thieves in separate incidents.
- (b) Night patrols and ambushes have been intensified in Subukia area with the view of apprehending suspected criminals in the area.

**Dr. Lwali-Oyondi:** Mr. Speaker, Sir, the answer that has been given by the Assistant Minister is not

adequate. This is because these incidents are still going on around Subukia and Molo, whereby people come in and kill people. They seem to get away without anybody arresting them.

**Mr. Speaker, Sir,** I have in mind two other incidents which happened on the 3rd of March, whereby another person by the name of Mr. Simon Warui was also killed by being pierced through the chest with two arrows. He featured in the Press, and he was treated, but he died later on. So, I am telling the Assistant Minister that these ambushes are not getting hold of criminals in that area. Nobody has ever been brought to court over these issues. Could the Assistant Minister, therefore, tell us when these people are going to be arrested or give us the final solution to this cattle rustling, which is quite rampant since the tribal clashes started?

**Mr. Speaker:** Dr. Lwali-Oyondi, it will help the House, and yourself, if you put a shorter question, so that you can ask more questions. Please, respond, Mr. Awori.

**Mr. Awori:** Mr. Speaker, Sir, I have not got any information regarding the person he has mentioned, and who is supposed to have been killed in March. I nevertheless concede that in certain areas like Molo, the aftermath of tribal clashes may be continuing, but certainly, in this other area to which the Question was directed, we have no information whatsoever in police files of any further killings through cattle rustling since September last year. Nevertheless, we will continue to increase the security of our people.

*Question No. 329*

CORRUPTION AT MOMBASA PORT

**Mr. Maore** asked the Minister for Transport and Communications:-

- (a) whether he is aware of the massive vandalism and corruption at the Mombasa Port which is costing the country millions of dollars;
- (b) what measures the Ministry will take to punish the culprits and seal the loopholes; and,
- (c) whether he will direct the Kenya Ports Authority to compensate the victims of such vandalism and corruption.

**Mr. Speaker:** Is anyone here from the Ministry of Transport and Communications? We will leave that Question until the end then.

*Question No. 433*

GRADING OF ROADS IN NORTH IMENTI

**Mr. Mwiraria** asked the Minister for Public Works and Housing when his Ministry will grade and murrum the roads linking the Municipal Council of Meru and Giaki; and the Municipal Council of Meru and Maua through Mikinduri.

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

The Ministry graded the road linking Meru Municipal Council and Giaki, as well as Meru-Maua through Mikinduri route, in April this year.

Further, the Ministry is planning to carry out spot improvements of known bad sections of these roads with gravel during the first half of the 1996/97 financial year.

**Mr. Mwiraria:** Mr. Speaker, Sir, given the fact that this road is one of the most important roads in Meru, and that it would, in fact, shorten the distance between Maua and Nairobi and, therefore, bring *Miraa* closer to the consumers; and given the fact too, that it serves a very rich agricultural area in Meru, could the Assistant Minister be a little bit more specific and tell us why they had voted Kshs1 million for it in the development plan for it last year, and yet there was no development carried out, other than the normal grading? Could he give us the reasons why they removed it from the plan and took away the money that was voted for its development?

**Mr. Mwamzandi:** Mr. Speaker, Sir, I do not remember the Kshs1 million the hon. Member is talking about. What I remember is that we have done a lot of civil works on the roads in that area. What I mean is that we have graded roads E482, E774, E773, D82---

**Mr. Murungi:** On a point of order, Mr. Speaker, Sir. Why is the Assistant Minister trying to answer questions which nobody asked him about? He was asked about one specific road. This is the road from Meru Municipal Council to Maua through Giaki. Why is he trying to tell the House about different roads, about which

nobody has asked a question? Can he answer the question which has been put to him?

**Mr. Mwamzandi:** Mr. Speaker, Sir, the roads I am talking about are between Meru and Maua.

**Mr. Mwiraria:** On a point of order, Mr. Speaker, Sir. The Assistant Minister does not appear to know what he is talking about. The road I am talking about is one of the major trunk roads in the country. It links Meru to Maua through Mikinduri and Tigania. It is a road that, in fact, serves the richest part of Meru District agriculturally. It serves the eastern part of Nyambene Hills and lower parts of Meru District. It goes through the Imenti Forest. What the Assistant Minister is telling me is that he has done some work on little roads which branch off from this main road, but I am not interested in those little roads: I am interested in the main trunk road. What has he done to it?

What plans does he have for its improvement?

**Mr. Speaker:** That is right. Mr. Mwamzandi, Mr. Mwiraria is interested in getting *miraa* to Nairobi!

**Mr. Mwamzandi:** Mr. Speaker, Sir, I am sure that *miraa* will reach Nairobi. I said in my reply earlier that the Ministry is in the process of carrying out spot improvement on the bad sections of this road in this financial year. So, I think *miraa* will reach Nairobi and other parts of this country.

**Mr. Maore:** Mr. Speaker, Sir, can the Assistant Minister explain how he has budgeted for this road? It does not appear to be provided for in the Budget. Last year, there was Kshs1 million, but this year no provision has been made for the road. How is he going to repair the road? The whole road from Maua through Mikinduri to Meru Town is bad; it is not sections of it which are bad. The whole road needs to be graded or murramed. What is he intending to do about it?

**Mr. Mwamzandi:** Mr. Speaker, Sir, we intend to repair the road with money from the Road Maintenance Levy Fund.

**Mr. Muluya:** On a point of order, Mr. Speaker, Sir. Is the hon. Assistant Minister in order to avoid answering a very important question. The hon. Member here has said that there is no budgetary allocation for that road, but the Assistant Minister still insists that he will repair it! From which resources will he repair the road? Let him speak the truth. He can say there is nothing and sit down, and that will be enough.

**Mr. Mwamzandi:** Mr. Speaker, Sir, we have money in the Road Maintenance Levy Fund, which we will use to complete work on this road. So, there nothing to worry about because there is money for it.

#### Question No. 179

#### TARMACKING OF MISIKHU/MATUNDA ROAD

**Dr. Kituyi** asked the Minister for Public Works and Housing:-

- (a) whether he is aware that the Misikhu/Naitiri/Matunda Road is impassable virtually half of the year because of heavy traffic and disrepair; and,
- (b) when the Ministry plans to implement the Bungoma District Development Committee's (DDC's) decision to make the road the first priority for tarmacking in the district.

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

(a) I am aware that Misikhu/Naitiri/Matunda Road is impassable during rainy seasons because it is an earth one and has very heavy traffic, but not due to disrepair. It is for this reason that in March to April, 1996, a total of 35 kilometres of the road were graded to retain its passibility. The grader broke down before completing the works. However, the remaining works will be undertaken as soon as the grader is repaired and becomes operational.

(b) At present, the priority of the Government is to maintain the existing classified road network, including national priority roads, in motorable condition. The Bungoma DDC priority road will be considered in the long-term because at present funds are inadequate.

**Dr. Kituyi:** Mr. Speaker, Sir, if the Assistant Minister is accepting that this road is impassable because it is a mud one and has heavy traffic, how can he expect that grading such a road during the main rainy season will make it passable? Why does the Ministry not consider, as an interim measure, to even just gravel the worst sections instead of digging up mud at the start of a rainy season on a heavily motored road?

**Mr. Mwamzandi:** Mr. Speaker, Sir, this road was actually gravelled during the 1984/88 period by the Kenya-West Germany Project Unit. Unfortunately, I agree that it is now worn out. We will not make the road all-weather but we will keep it in a passable condition.

**Dr. Kituyi:** Mr. Speaker, Sir, first, let me correct the hon. Assistant Minister. Only the first five

kilometres were gravelled in, as he says, 1984. How can he count on that to protect the users of the road in 1996?

The Assistant Minister also said that grading of the road stopped because the bulldozer broke down. How does he explain the fact that the bulldozer has been repaired and has since been removed to another road, which it is working on?

**Mr. Mwamzandi:** Mr. Speaker, Sir, actually, after we graded 35 kilometres of the road the remaining portion of the road was only 9.3 kilometres long. In any case, I assure the hon. Member, with seriousness, that the grader will not be taken to another area.

**Dr. Kituyi:** On a point of order, Mr. Speaker, Sir. I have given the Assistant Minister the privileged information that he did not have, that the grader which had broken down has since been repaired and been moved out of that area! How can he say that he is now assuring me that when the grader is repaired it will complete work on the road? It has been repaired but it is not completing work on the road right now! What will he do to make sure that it completes the remaining section of the road?

**Mr. Mwamzandi:** Mr. Speaker, Sir, the information I have is that immediately the grader is repaired, we will be working on that road. I would not like to very much dispute what the hon. Member is saying, but if I find out that the grader has been removed to another road, I will take a very serious view of that fact. However, I am sure it is still supposed to work on the road we are talking about. Immediately I get information as to whether the grader has been taken to another road or it is not yet repaired, I will pass that information to the hon. Member.

*Question No.545*

GRADING OF ROAD E941

**Mr. Mcharo**, on behalf of **Mr. Rai**, asked the Minister for Public Works and Housing when the Vigurungani-Mafundani Road, No.E.941 will be attended to so that it can be passable.

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

The Ministry has plans to attend to the road by grading and the exercise will be done twice during 1996/97 Financial Year. The first round will be done in the first half of the year to be repeated before the end of July 1997. Some Kshs140,400 will be allocated for this grading works.

**Mr. Mcharo:** Mr. Speaker, Sir, although this answer is a little bit encouraging, I wish to know from the Assistant Minister whether they will carry out grading and gravelling works so that the road is permanently passable because grading alone is not adequate. When rains come, the road will be washed again. So, is he going to carry out drainage and gravelling works on this road?

**Mr. Mwamzandi:** Mr. Speaker, Sir, we discussed about this road and the soil in that area, but the money available now is for grading. But I think, if there will be need immediately money is made available it will be murramed so that it becomes all weather.

**Mr. Speaker:** Mr. Mak'Onyango, what do you want to say?

**Mr. Mak'Onyango:** Now, Mr. Speaker, Sir, could the Assistant Minister agree that with the elections approaching, the question of roads becomes paramount? What special plans does the Ministry have to ensure that the roads are maintained because as evidenced by the number of Questions on the Order Paper today, the biggest concern in this House is the state of roads in this country? What special programmes do you have to improve on the road situation in the country?

**Mr. Mwamzandi:** Mr. Speaker, Sir, the Ministry will keep on maintaining the roads whenever need arises. Wherever there is a bad road the Ministry will maintain that road.

**Mr. Speaker:** Next Question, Mr. Joseph Lotodo!

*Question No.554*

NUMBER OF ADULT EDUCATION TEACHERS

**Mr. J.D. Lotodo** asked the Minister for Culture and Social Services:-

- (a) how many full time and part time adult education teachers are there in Kenya and what is the break down per division in Baringo District;
- (b) why the Ministry withheld the examination results of Standard Seven and Eight adult education teachers who sat for the examination previously, yet their counterparts in the Ministry

of Education did qualify as P3 upon completion of their teachers. training college courses; and,  
 (c) could the Minister consider borrowing a leaf from the Ministry of Education and release the results of the affected adult education teachers forthwith.

**The Minister for Culture and Social Services** (Mrs. Mwendwa): Mr. Speaker, Sir, I beg to reply.

(a) The Ministry has an establishment of 3,000 full time adult education teachers and 5,000 part time teachers throughout the country.

In Baringo District, the breakdown of teachers is as follows:-

<u>Division</u>	<u>Fulltime</u>	<u>Part time</u>
Central	12	18
Mochongai	1	9
Nginyang	5	9
Tenges	2	4
Kabartonjo	6	18
Marigat	3	12
Tangulbei	<u>2</u>	<u>7</u>
<b>Total</b>	<b><u>31</u></b>	<b><u>77</u></b>

(b) The Ministry did not withhold the examination results for the standard seven and eight teachers.

(c) The regulations and conditions for adult education teachers examination is governed by the Kenya National Examination Council and not the Ministry of Education.

**Mr. J.D. Lotodo:** Mr. Speaker, Sir, while appreciating the answers given by the Minister and given the fact that His Excellency the President started the Department of Adult Education in 19979 because of the high illiteracy ratio in this country particularly in semi-arid and arid areas in this country, could he consider increasing the number of full time teachers and if so, the honoraria for the part time teachers because the Kshs365 per month is peanuts considering the high standard of living in this country?

**Mrs. Mwendwa:** Mr. Speaker, Sir, a lot of fulltime teachers for the adult education have opted to retire from the service voluntarily and that is why the number has gone down.

As for the payment of the part-time teachers, yes, the Ministry is considering or has asked to be given more funds from Treasury to increase the salaries of the part-time teachers.

**Mr. Mulusya:** Mr. Speaker, Sir, noting that there is a very big population especially of the youth who are unemployed from both universities and colleges, could the Minister consider giving those unemployed university graduates and the drop-outs from colleges those jobs on part time basis and to be spread throughout the country and especially in the arid and semi-arid areas where there has been a shortage of teachers and the issue of adult education is in high demand?

**Mrs. Mwendwa:** Mr. Speaker, Sir, the graduates and school leavers the hon. Members is talking about--- At the present time, the salary paid to a part-time teacher is Kshs300 per month and we are in the process of increasing it to Kshs500 per month and a lot of graduates and school leavers do not accept that salary.

**Mr. Speaker:** Very well! Next Question, Mr. Nthenge!

*Question No.142*

GRADUATES FROM KENYA INSTITUTE OF  
 MASS COMMUNICATIONS

**Mr. Nthenge** asked the Minister for Information and Broadcasting:-

(a) how many students graduated from the Kenya Institute of Mass Communication between the years 1991 and 1995;

(b) out of these students (referred to in "a"), how many joined the Public Service; and,

(c) whether the Minister is aware that Kenya Broadcasting Corporation has employed unqualified radio producers yet the qualified ones are jobless.

**The Minister for Information and Broadcasting** (Mr. Makau): Mr. Speaker, Sir, I beg to reply.

(a) A total of 305 students graduated from the Kenya Institute of Mass Communication between 1991 and 1995.

(b) Out of these students who graduated, 125 joined the Public Service after graduation.

(c) I am not aware that KBC has employed unqualified radio producers.

**Mr. Nthenge:** Mr. Speaker, Sir, what happened to the 180 trained journalists who never got jobs in the Public Service?

**Mr. Makau:** Mr. Speaker, Sir, I would like to make it very clear to the Questioner and Members of Parliament that all those who are admitted at the Kenya Institute of Mass Communication are not guaranteed employment by the Public Service. We train for the whole market in Kenya. Some go to the Print Media or to the other independent Electronic Media.

**P.N. Ndwiga:** Thank you, Mr. Speaker, Sir. Is the Minister actually in order? Although it is not a point of order, it is a question. The Minister says that KBC employs qualified personnel only. Now, we know that the Deputy News Editor of KBC, Mr. William Omoga, is not trained and did not even pass "O" level examinations, yet he is the Deputy News Editor---

**Mr. Nthenge:** Truth is coming!

**Mr. P.N. Ndwiga:** He is the Deputy News Editor of the Kenya Broadcasting Corporation, in charge of news. His main job is to wait for news from the provinces and all over and slot in negative news against the Opposition. Is this Minister not misleading this House? Can he not be truthful for once?

**Mr. Makau:** Mr. Speaker, Sir, I would like to state that people should not come here and try---

**Hon. Members:** Answer the Question!

**Mr. Makau:** Mr. Speaker, Sir, I am answering the Question. I am not timid! I cannot stop answering the Question because of your shouting! It is very bad for some hon. Members to come here and try to besmirch other peoples' names. But I would like the hon. Member who has actually said whatever he has said to prove to us or table the qualifications of the person he is talking about. But on the question of radio producers, we do not get radio producers only from Kenya Institute of Mass Communication (KIMC). Kenya Broadcasting Corporation (KBC) recruits from various sectors---

**An hon. Member:** Can you tell us where he was trained?

**Mr. Makau:** I am not here to tell you where anybody was trained. Can you bring the papers to prove what you have said? You should not here come to besmirch officers who are doing a very good job because of personal hatred.

**Mr. Nthenge:** On a point of order, Mr. Speaker, Sir. The Question is: Why should there be some untrained people working for the Government with no qualifications, yet highly qualified ones in the market are not being employed? And one of them has already been quoted.

**Mr. Makau:** Mr. Speaker, Sir, we do not have anybody in KBC who is not trained. I would like to state that when it comes to recruitment of radio producers at KBC, we recruit them from the following:- (i) There is direct employment for university graduates who get on-the-job training before proceeding to KIMC for post-graduate training, (ii) The holders of KIMC diploma in radio production techniques, (iii) Programme assistants who get on-the-job training as announcers and must have the right kind of voice for the job.

**Mr. Mak'Onyango:** Mr. Speaker, Sir, arising from that reply, can the Minister tell this House what are this country's training needs within the field of mass media? And to what extent would you say KIMC is able to meet these needs?

**Mr. Makau:** Mr. Speaker, Sir, as far as the training needs of this country are concerned, one cannot specifically say these are the needs because training is not pegged on the availability of jobs in the public service. But training is pegged on training people that would not only serve in Kenya, but can get employed outside Kenya.

**Mr. Speaker:** Order, hon. Members! I would like to again remind the House what I have said several times. There is a tendency for some hon. Members not to allow themselves to be replied to and, as a mark of a respectable House, the ability to take what is acceptable and what is not. But nevertheless, you have the floor.

**Mr. P.N. Ndwiga:** Mr. Speaker, Sir, I allowed myself clearly and I heard what the hon. Minister was saying. And that is why I stood on a point of order to ask if the hon. Minister is in order to continue misleading this House that KIMC trains students for the entire media industry and that KBC employs qualified ones while I have already quoted here one person---

**Mr. Speaker:** Order! Order, hon. Ndwiga! You must only intervene when you are truly on a point of order; you are on a point of argument. That is why I was complaining that some hon. Members do not allow others to answer questions posed by others.

## OFFICIAL RECEIVERS OF CONTINENTAL BANK

**Mr. Mutahi** asked the Attorney-General:-

- (a) who the official receivers for the Continental Bank of Kenya are;
- (b) how much money is still tied up in Continental Credit Finance Limited Nyeri County Council; and,
- (c) in view of the serious financial problems facing Nyeri County Council, if he could direct the official receivers to pay the Council the whole balance.

**The Attorney-General** (Mr. Wako): Mr. Speaker, Sir, I beg to reply.

- (a) The receiver of the Continental Bank of Kenya is the official receiver of the Republic of Kenya.
- (b) The total amount of money tied up in Continental Credit Finance Limited for Nyeri County Council is Kshs12,272,853.20.
- (c) I cannot direct the official receiver to pay Nyeri County Council the whole amount as this would be in contravention of section 310 of the Companies Act as read together with section 38(7) of the Bankruptcy Act against preferential treatment of any creditor.

**Mr. Mutahi:** Mr. Speaker, Sir, this is my third time to ask this Question in this House. The total amount that was owed to Nyeri County Council in a period of ten years since 1986 was Kshs16 million, meaning that it is only Kshs4 million which has been repaid over a period of ten years. What I have noted is that the priorities of the receivers are corrupt, they are not right. In Nyeri, we have no services because the tractors and vehicles have been grounded, and there are no services being rendered. Can the Attorney-General give priority or request or order the receiver to pay Nyeri County Council a good amount of money so that the services can be rendered to wananchi?

**Mr. Wako:** Mr. Speaker, Sir, the official receiver is guided by the law and, as I stated in my reply, I cannot give any preferential treatment to any creditor. The law is such that you only have secured and unsecured creditors, and if one falls amongst the unsecured creditors, then all of them must be treated equally.

**Mr. Mathenge:** Thank you, Mr. Speaker, Sir. Although we agree that the receiver is guided by the law, on humanitarian grounds and in view of the fact that the amount of money involved is a lot of money, can we urge the hon. Attorney-General to, please, look into this matter and use his good office to see that at least, a substantial amount of the money outstanding is released to the Nyeri County Council for the services required there?

**Mr. Wako:** Mr. Speaker, Sir, I wish the directors and the shareholders of Continental Bank of Kenya who borrowed very heavily from the bank could pay up, unfortunately, they cannot. But we have tried our best, we have now sold at least three major properties and I do hope that the sale will be concluded as soon as possible and, if it is, there will be some payments to all the creditors.

**Mr. Wamae:** Mr. Speaker, Sir, would the hon. Attorney-General ensure that those properties owned by Continental Bank and Continental Finance Limited are not undervalued to give advantage to the buyers and the receiver will get the maximum amount possible so that more money can be distributed to wananchi and other institutions, and particularly the Continental House?

**Mr. Wako:** The three properties, that are the Continental House, the Continental Service Apartments and the Kitisuru Property have already been sold.

**Prof. Anyang'-Nyong'o:** Mr. Speaker, since it has now become quite evident that receivers take inordinately long time to deal with such affairs, can the Attorney-General, who is in the habit of reforming laws in piecemeal fashion attend to the law governing the role of receivers so as to remove this heavy load on people who have properties that receivers misuse?

**Mr. Wako:** Mr. Speaker, Sir, I do agree that I am in the habit of reforming laws, but I do not agree that I am in the habit of doing that piecemeal. As the hon. Member knows, I have set up 10 Task Forces to deal with this. He is also aware that one of the Task Forces is a Task Force on laws relating to companies, receivership, liquidations and investments. That Task Force is dealing squarely with this problem, that is, how we can expedite the process of receivership. I do agree, but with the law as it stands now, it can be cumbersome.

**Mr. Speaker:** Mr. Maore's Question for the second time.

*(Mr. Obwocha stood up in his place)*

Order! As you know hon. Members, I have, postponed Questions by Private Notice for lack of time. I do not intend to do so now. Ask your Question, Mr. Maore, for the second time.

*Question No. 329*

## CORRUPTION AT MOMBASA PORT

**Mr. Maore** asked the Minister for Transport and Communications:-

- (a) whether he is aware of the massive vandalism and corruption at the Mombasa Port which is costing the country millions of dollars;
- (b) what measures he has effected to punish the culprits and seal the loopholes; and,
- (c) whether he will direct Kenya Ports Authority to compensate the victims of such vandalism and corruption.

**Mr. Speaker:** Is any one here from the Ministry of Transport and Communications?

**Mr. Maore:** Mr. Speaker, Sir, I think there are two options. Either it is answered within two weeks from now or I drop it because I do not want it to gag me from asking any other Questions. This Question was on the Order Paper last week and there was nobody to answer it. It is there to day and there does not seem to be anybody to answer it. I request you to direct that I get an answer on Thursday.

**Mr. Speaker:** It is not the wish of the Chair that your question should continue to be unanswered, and I do not want you to miss any other chance.

It is my wish that the Ministry will answer this Question as soon as possible.

We will defer it to Thursday.

*(Question deferred)*

## QUESTIONS BY PRIVATE NOTICE

## ISSUANCE OF NEW IDENTITY CARDS IN KIPIPIRI

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

(a) In view of the fact that most of the residents of Kipipiri Constituency, and particularly those living in Ngorika, Kanjuri, Tumaini, Wanjohi, Miharati, Mawingo, Geta, Milangine, Ruiru, Kiambaga, Kiganjo and other parts of the Constituency, have not been issued with the new identity cards, could the Minister ensure that the above areas have been allocated mobile units to facilitate issuance of identity cards to the residents?

(b) Could the Minister also ensure that the residents of the above areas are issued with the identity cards free of charge, and that registration officials and chiefs are, with immediate effect, advised not to charge for issuance of identify cards?

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

(a) There are two registration teams at Kipipiri and Ol Kalou Divisional Headquarters to provide registration services for residents of Kipipiri Constituency. Mobile units have so far been sent to serve residents of Wanjohi, Mawingo, Rurii and Tumaini where a total of 5,766 residents were registered.

(b) The residents of the area are issued with identity cards free of charge. No chief or registration official is charging for the services, nor is he allowed to do so.

**Mr. Githiomi:** Mr. Speaker, Sir, considering that the registration of voters will be based on how many identity cards have been issued and considering that not even 80 per cent of the residents of Kipipiri have been issued with the new generation identity cards, what is the Minister doing to hasten issuance of the new generation identity cards?

Secondly, I want to assure the Minister---

**Mr. Speaker:** One question at a time.

**Mr. Awori:** Mr. Speaker, Sir, I think we are in good time and I can assure the hon. Member that come election time, all those entitled to vote will be having the new generation identity cards.

**Dr. Otieno-Kopiyo:** Mr. Speaker, Sir, is the Assistant Minister informed that this exercise is being impeded by lack of transport for the officers issuing the cards throughout the country, and that Members of Parliament, councillors and other politicians are forced to donate money to be able to transport these people to various registration centres? Is he aware of this fact? As a matter of fact, I have just come back from my



constituency and we had to contribute Kshs20 for each card holder for them to be transported back to Oyugis where they reside.

**Mr. Awori:** Mr. Speaker, Sir, I am not aware of that and if it is happening, I am sure it is possible that the hon. Member is so keen on getting so many people registered that he is surcharging them to take them to the registration centres.

**Dr. Otieno-Kopiyo:** On a point of Order!

**Mr. Speaker:** What is it, Dr. Otieno-Kopiyo?

**Dr. Otieno-Kopiyo:** On a point of order, Mr. Speaker, Sir. I am humbly stating a fact which the Assistant Minister is denying. The fact is that these people do not have a vehicle. Can he conform to the House that the people in South Nyanza have vehicles to transport them? How can you have a mobile unit which is immobile?

**An hon. Member:** There is no South Nyanza!

**Mr. Awori:** Mr. Speaker, Sir, in the first place, I would like to ask my colleague to just be a little cool. There is enough transport in every area to take the personnel to the centres for registration. In areas where mobile units are required, we do supply these as well.

**Mr. G. I. Ndwiga:** Mr. Speaker, Sir, in my constituency, people travel 70 kilometres to the headquarters which is at Siakago for registration. Could the Assistant Minister assure us that there will be transport to the nearest place? There should be locational headquarters where people will be issued with the identity cards. At that rate, the year 2000 will come before all Kenyans get identity cards. What assurance is the Assistant Minister going to give us now that there will be enough transport facilities?

**Mr. Awori:** Mr. Speaker, Sir, yes, I am able to give that assurance.

**Mr. Speaker:** I suppose I will give the last chance to Mr. Kapten.

**Mr. Kapten:** Mr. Speaker, Sir, the issuance of new generation identity cards is a very important matter to the people of this country. In many parts of the country, including my own constituency, majority of the people have not been registered because there are no mobile units and if there are vehicles, there is no fuel to transport those officers to various places to register children or issue new Identity Cards.

Can the Assistant Minister assure this House that he is going to investigate and provide fuel to the motor vehicles so that people are registered or issued with the new generation identity cards?

**Mr. Awori:** Yes, Mr. Speaker, Sir.

#### ENHANCEMENT OF SECURITY IN NAIROBI

**Prof. Anyang'-Nyong'o:** 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 there is a well organised syndicate in the City of Nairobi for stealing office equipment, particularly computers, and hawking them around the city?

(b) Is he further aware that this syndicate has terrorised many businessmen and professionals along Ngong Road, Kilimani, Hurlingham, Kileleshwa, Riverside Drive and Westlands, and that many service industries are currently quitting Nairobi for other safer cities?

(c) What is the Government doing to re-establish a safe and secure atmosphere in Nairobi for all its residents?

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

(a) I am aware that cases of office breaking where office equipment, particularly, computers are stolen, are on the increase. However, it has not been established whether there is a well organised syndicate as alleged, but the police are investigating the incidents.

(b) Although I am aware that the theft of computers is most prevalent in the mentioned areas, I am not aware of any service industries that have quit Nairobi as a result.

(c) The Government has intensified the fight against crime in the country generally, and in Nairobi in particular, and the situation is firmly under control.

**Prof. Anyang'-Nyong'o:** Mr. Speaker, Sir, while I am grateful to the Assistant Minister for signalling to the House that he is aware that offices are being broken into and that this things have been going on for a long time, I am very surprised that the Commissioner of Police, has himself said that they suspect a well organised syndicate doing this. The public has itself also indicated in their letters to the editor, that certain elements within the police force maybe involved in this kind of affair.

Secondly, I am surprised that the Assistant Minister is not aware that service industries are leaving

Nairobi. Very recently, HABITAT almost left Nairobi because of this kind of thing. The Indian High Commission, Bangladesh and Mexican embassies were all attacked and their equipment stolen. Nyanja House, Mohammed Nyaoga Advocates, Githu Mungai Advocates, Centre for Education for Women in Democracy are some of the people who have been attacked.

If the Assistant Minister could read the letters to the editors, he could realise the seriousness of the situation. The Export Processing Zone (EPZ) is suffering because people cannot invest there due to this insecurity. The computer culture is extremely important to service industries in this nation. Can the Assistant Minister assure this House that now that I have made him aware, he will wake up and do something that will help this economy?

**Mr. Speaker:** We assume that every hon. Member is awake. Mr. Awori, proceed for the sake of a good debate!

**Mr. Awori:** As I had said right from the beginning, I am, indeed, aware that crime in breaking and removing of computers from business premises is on the increase. On the question of HABITAT wanting to leave Nairobi, we know that there were other elements that tried to make these people to leave Nairobi and it had nothing to do with crime as such. Perhaps, it was a question of racial discrimination.

The security forces intend to continue to intensify their work to ensure that all citizens, with their properties are protected and I can assure my good friend that this will continue to be done.

**Mr. Ruhii:** The Government has always talked about beefing up security every time there is an increase in crime. Can the Assistant Minister tell this House what plans the Government has to ensure that more personnel are employed in the Police Force to beef up security? This is because you are all the time saying you are beefing up security? It is like you are beefing up insecurity.

**Mr. Awori:** In addition to recruiting more personnel, we intensify training of the personnel so that they can perform their duties much more efficiently than in the past. Certainly, we are not increasing insecurity. We are increasing security.

#### DISMISSAL OF HORTICULTURAL WORKERS

**Mr. Anyona:** Mr. Speaker, Sir, I beg to ask the Minister for Labour and Manpower Development the following Question by Private Notice.

(a) Is the Minister aware that Mrs. Mariamu Matau Nuthu (ID/No. 4264297), who was an employee of M/S Longonot Horticultural Limited, for more than four years, was dismissed while sick in Naivasha General Hospital (H/No. 16149) and Kijabe Medical Centre (H/No. 130440) between 12th and 31st May, 1994, without lawful cause or terminal benefits contrary to the Employment Act (Cap. 226)?

(b) Is he further aware that at least seven other employees (Hannah Wanjiru Nuthu, Angelina Laiyan, Esther Njoki, Joyce Akai, John Laiyan Enock, Margaret Rehavi Atheno and Florence Onyura Anyango) were also dismissed by M/S Longonot Horticultural Limited without lawful cause or terminal benefits contrary to the law and the employment regulations?

(c) What urgent measures will the Minister take to reinstate these employees and protect other employees from capricious employers in the country?

**The Minister for Labour and Manpower Development (Mr. Masinde):** Mr. Speaker, Sir, I beg to reply.

(a) Yes, I am aware that Mrs. Nuthu was employed by M/S Longonot Horticultural Limited on 15th November, 1990. She was, however, not dismissed, but she terminated her own services on 28th July, 1994 after her sick leave.

(b) I am also aware that seven other employees left employment for various reasons on diverse dates. Out of the seven, only two were entitled to terminal dues---

**Mr. Anyona:** On a point of order, Mr. Speaker, Sir. I have a written answer here and the Minister is apparently reading that answer. He is deliberately leaving out parts of that answer. Why did he have to put that in the written answer?

**Mr. Masinde:** I am here to reply to the Question and I am not bound to strictly read it letter by letter. I am giving the reply. The hon. Member should accept the way I am putting it. He has the minor details in the written answer.

**Mr. Anyona:** On a point, of order, Mr. Speaker, Sir. My Question concerns payment of terminal benefits. The part he has left out is about terminal benefits. It reads "She was not entitled to any terminal dues." That is not a peripheral issue. Why is he leaving it out? Was she entitled or not?

**Mr. Masinde:** Mrs. Nuthu was employed by the company in November, 1991, she fell sick in May, 1994 and was hospitalised for two weeks after which she was given extra leave up to July, 1994. While on leave, she was paid sick leave allowance because she was away for one and a half months. She came back and she was admitted back to work. However, she wanted to be paid a full salary for the month of July and the employer did agree to that. The employer wanted her to work first before earning any more salary. When she heard that, she decided to desert duty and report to the local labour office. The local labour officer explained the situation and she did not take the advice and hence she absented herself from duty.

**Mr. Anyona:** The Minister has not answered the other part of the Question. In any case, he is misleading the House. Is he in order to mislead this House? The facts of the matter are that this lady fell sick and when she was still in hospital, instead of getting sympathy, she was sacked. She then went to a lawyer for help and the lawyer was compromised. She then had to resort to a church called the Mount Zion Seventh Day Church of God. It is the church that has brought her problem to my attention. I have letters which I am going to table in this House to prove all those facts.

**Mr. Masinde:** It is interesting that the hon. Member should accuse everybody else that took appropriate action and advised the lady correctly to have been compromised except the churchman. As far as I am concerned, the lady was in hospital, she was given sick off which was extended and when she came back she was offered her job.

When she demanded an extra pay, the employer could not agree and she left to go and seek advice. She was advised that the action taken by the employer was right, but she was not convinced still. However, if the hon. Member feels that the employee was sacked while she was still in hospital, then it is up to him to prove that by producing a letter showing that the day the employee was sacked, she was still in hospital. It is very easy to prove. Let him confirm that and I will take up the matter.

#### COMMUNICATION FROM THE CHAIR

##### CONTRAVENTION OF STANDING ORDER NO. 73

**Mr. Speaker:** Order! Order! Hon. Members! That is the end of Question Time.

Well, I am aware, for example, that the hon. Minister for Health wanted to make two Ministerial Statements. I do not have time for that now. I will ask you to do it tomorrow morning. I will try to create time for you tomorrow morning. The hon. Dr. Elon Wameyo has asked me to give him time on that Question to Tuesday next week on the issue raised by Mr. Kamuyu.

Now as for procedure relating to the Business on the Order Paper, ordinarily we should move straight away into Committee of the Whole House. I think it is a matter that should continue for three days. I think it is prudent to have it continued in the same way as we discussed the Motion on Financial Statement, to allow Members more time to contribute to this Debate.

Ultimately, I wish to bring to your attention this afternoon again a matter which is relating to a procedure or procedure adapted in the last Public Accounts Committee and this ties on the ruling I made on the June 11th, 1996. Hon. Members, it has been brought to my attention that certain recommendations of the outgoing Committee contravened the provision of Standing Order No. 73 and, I have, therefore, directed the Clerk of the House, who is also the Secretary of the Committee, to make sure that all recommendations are correctly recorded in accordance with the Standing Orders of the House.

Instructions given specifically followed that the word "President" should be deleted from wherever it appears in the recommendation and the word "Government" be substituted in its place.

**Mr. Anyona:** On a point of order, Mr. Speaker, Sir. I would like to table my documents now.

**Mr. Speaker:** Sorry, we are out of time but you can do that as we call for the next Order.  
Next Order.

*(Hon. Anyona laid the documents on the Table)*

#### COMMITTEE OF WAYS AND MEANS

*(Order for Committee read)*

#### MOTION

## APPROVAL OF TAXATION MEASURES

**The Minister for Finance** (Mr. Mudavadi): Mr. Speaker, Sir, I beg to move the following Motion:-

THAT, the proposals relating to:-

- (a) Customs Tariff
- (b) Excise Duties
- (c) Value Added Tax
- (d) Income Tax
- (e) Miscellaneous Fees and Taxes

contained in the Financial Statement for the year of Account 1996/97 be approved.

*(His Excellency the President has signified  
his consent to this Motion)*

Mr. Speaker, Sir, a lot of the issues that---

*(Loud Consultations)*

**Mr. Speaker:** Order Members! Order! Can we hear the Minister for Finance.

**The Minister for Finance** (Mr. Mudavadi): Thank you very much, Mr. Speaker, Sir. I was saying that a number of most of the issues that will be discussed in relation to the various taxation proposals have already been touched on in one way or another by the hon. Members as they were contributing to both the Budget Speech and when they touched on matters that relate to the Vote on Account as we discussed them a few days before. However, I think, it is important for me just to highlight that in the area of Customs Tariffs, the rationale is that we are continuing with the policy that the Government has clearly stated in the Policy Framework Paper which was launched earlier this year that we intend to reduce the tariff rates and come up with a top rate of about 30 per cent by the year 1997/98 and for the year 1996/97, the top rate of 40 per cent is being lowered to 35 per cent and in addition, the 10 per cent band is being lowered or merged with the 5 per cent band and this will, therefore, eventually reduce the number of tariff bands from 6 to 5.

I would also like the Members to note that items in the 10 per cent band are largely capital goods and also raw materials which include commodities such as primary forms of rubber for tyre making and other raw materials. Equally we are proposing that import tariffs on certain capital equipment items which remain in the 25 per cent band be reduced to 15 per cent and the tariff number of the primary raw materials remaining in the 15 per cent band mainly for plastics, spinning and weaving be reduced from 15 per cent to 5 per cent because these are essentially raw materials. We are also proposing some level of protection in such sectors as the paper and paper board making through the same Bill. We are also lowering tariffs on sporting equipment. This is being lowered to 15 per cent where the rates were higher and indeed for a number of sporting equipments such as golf, hockey, cricket and so forth. Some of these equipment were still at a much higher tariff rate. We are bringing it lower to 15 per cent to try and help in making the sporting equipment much cheaper for the sports lovers in this country and also to point out that we need to encourage sports because they have also become a major tourism attraction especially if it can be exploited very effectively.

The other area that we touch on is the effective tariff rates on agricultural commodities and these are being set at *ad valorem* rates. Maize and wheat will be at 15 per cent. Powdered milk will be at 25 per cent. Sugar and rice at 35 per cent. I would also, however, like to point out that we shall also be retaining the alternative specific duty rates to enable protection when there is under-valuation of such commodities from the countries of import. We are also retaining the law; the power to vary the rate of duty in the course of arrears, in the event that the price structure of these commodities changes and there is need for protection of local producers, then the Government should be in a position to adjust these duties accordingly.

Equally, we are making sure that these commodities will no longer go into bonded warehouses because over the years, what has happened is that importers or large dealers of commodities have---

*(Hon. Gitau crossed the Floor without bowing)*

**Mr. Mwaura:** On a point of order, Mr. Speaker, Sir. Is it in order for the Member for Gatundu to cross

the Floor without bowing to the Chair?

**Mr. Speaker:** Did he? Order! I suppose the Member for Gatundu has come to realise that there is a difference between the House and elsewhere. So will you proceed and enter the House properly.

*(Hon. Gitau bowed and crossed the Floor)*

**The Minister for Finance** (Mr. Mudavadi): Thank you, Mr. Speaker, Sir. I was just pointing out that bonded warehouses have at times been misused by dealers in commodities by having various goods stored there for a very long time and delaying the process of paying duty and indeed pilferage has occurred because some of these goods are then smuggled into the market without having to pay duties. So we are saying that we restrict them from being stored in bonded warehouses. Any importer of such commodities must pay duty on the spot and then the goods come in. We are also trying to improve the custom compliance on used clothing.

Mr. Speaker, Sir, one thing that we all have to acknowledge is that dealings in second hand clothes is now something that is strongly entrenched trend within our economy particularly for the informal sector and at the same time we do realise that over the years we have also been developing a fairly substantial textile industry in this country but both cater for different categories of income earners in this country and we have got to recognise this important role that both the informal and also the formal sector in the textile industry are playing. We know that in the last Financial Year, we have taken serious stringent measures on the duties by imposing specific duty rates. But we realised that the revenue that we were earning from importers of second-hand clothes declined so substantially, which clearly indicated that there must have been some smuggling of these goods. So, we are proposing some slight relaxation in the assessment of duty on used clothing, will also follow an *ad Valorem* approach and this way we do hope that we shall be able to collect a little more revenue and at the same time ease a bit of the duty burden on dealers of second hand clothes. We know that this is now a thriving industry, particularly from the informal sector viewpoint with its concomitant employment generation as well.

The other item that is of importance and the proposals we are putting through under the Custom Tariff, is in relation to the Pre-Shipment Inspection (PSI). This is the Pre-Shipment Inspection fees and previously this money was being collected by the banks, but we realised that the banks did not have any obligation to really account for the fees collected from their customers on the Pre-Shipment Inspection. We are now shifting this role, so that the Customs Department can collect the two per cent inspection fee, that is normally paid by any importers of goods for valuation purposes. The forms will then be sent out to the PSI companies and to the Customs Department, and the duties will be based on the full value of that valuation report. I would like to point out that the PSI exercise has, indeed, had some substantial improvement in the revenue collection of this country, particularly in customs. We have seen, at least, in the last year or so, close to about 20 per cent improvement in customs revenue collection as a result of improved valuation of the goods that do come into this country. We feel that we need to strengthen this valuation exercise and the use of consultancy services because, it can minimise the element of corruption which was very, very rampant earlier on in the valuation of imported goods. We are also adjusting the threshold for inspection from \$500 to \$1,000, so that any consignment that is worth \$1,000 must undergo the Pre-Shipment Inspection. Previously it was \$500, but we realised that this is very, very small in terms of value and this was bringing in a lot of delays and prolonged exercises by these companies because they had to value each small consignment. We want to try and speed up the process of clearing goods by enhancing the threshold to \$1,000. It will also be able to speed up the process and enhance the speed at which revenue can be collected.

Mr. Speaker, Sir, the other item that we are introducing is that the value for customs duty on air-freight imports will include one-half of the flight charge as was the case prior to 1991. This was removed when the prices of jet fuel had become too expensive, and the idea was that we wanted to try and lower the prices of jet fuel, which we did and at the same time, we de-regulated the prices of fuel. Therefore, the question of providing exemption to freight values is no longer valid because the prices of jet fuel are now determined by the market and the duty rates are much, much lower. So, we think that we can now revert to the previous status. The other important measure is that we are also imposing a duty on kerosene.

**Mr. Maore:** Mr. Speaker, Sir, time is up.

*(Laughter)*

**Mr. Speaker:** Thank you very much. Mr. Minister, can you wind up?

**The Minister for Finance** (Mr. Mudavadi): Thank you, Mr. Speaker, Sir. I just wanted to finish. The

other one was on kerosene and, also in the VAT, we are rationalising the VAT and excise duties, and eliminating the top rates and bringing it down to the standard rate of 15 per cent from 25 per cent. We are also chucking up the lower rate from six per cent to eight per cent. Equally, we are netting out about 140,000 taxpayers by adjusting the Income Tax rates, and we are also making adjustments on taxation on CDC and withholding tax. Under the Miscellaneous Fees and Taxes, we are proposing measures that will increase the taxation on Petroleum Levy, licence fees and other charges for immigrants who are working in this country.

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

**The Minister for Labour and Manpower Development (Mr. Masinde):** Mr. Speaker, Sir, I rise to second this Motion because I think it is very important. I want to congratulate the Minister for Finance for trying to look for many ways of restricting the areas whereas a lot of abuses have been, so that revenue can be properly collected. For example, the Minister has mentioned the fees, to make sure that it is fully paid by customs. Restrictions on goods overstaying in bonded warehouses, identification of items next to the warehouses as well as the verification and so on. I also appreciate that the Minister is trying to re-design certificates of clearing imported products like cars and so on, and also probably to issue extra certificates for the goods in transit. It is well and very good that this House is going to debate this Motion. However, the most important people are those who are working outside there, the customs officers and the clearing agents. We hope that the customs officers and the related staff are going to do their job and really claim full fees as required for whatever items being imported or exported. We also hope that despite all these restrictions that proposals that the Minister has enumerated here will be adhered to make sure that the goods do not overstay in the warehouses, and also to make sure that goods destined for transit in the country, are transit goods and reach the country, but not to get to the border and come back, or not only papers to get to the border and come back. It is in our own interest that the integrity of the workers at the Port, whether customs officers or clearing agents, is completely improved if they have the integrity and the desire to make sure that this country raises up the revenue collection. I am sure that if all the tax that is collected from wananchi, came to the coffers of the Treasury, we would not be bothered very much going round, kneeling down and begging from the donors. However, when this money is collected, I hope that it will be given to the Ministries concerned as planned for, so that the Ministries do not have only to see the figures being shown in the Printed Estimates, and no money arrives. This money should be disbursed to the various Ministries in good time to enable the officials in the Ministries to carry out their job. When these officials in the Ministries get this money, they should get off their feet and do the job for wananchi; use the money for what it is intended for and make sure that by the end of that financial year, all the money that has been budgeted for, for each district has been properly and absolutely used so that no money is being returned to the Treasury and at the same time these districts are crying for development because the officers who are in the field are not developing the country.

Mr. Speaker, Sir, I wanted again to commend the Minister for also reducing quite a good percentage of duty on a number of items which will quite alleviate the hardships that wananchi are facing.

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

*(Question proposed)*

**Mr. Maore:** Thank you, Mr. Speaker, Sir, for giving me an opportunity to say a few words about this Motion. If you have a list of the five items relating to taxation, you will notice that the kind or good work that the Minister has been promising about has not been matched with actions. Taxation on petroleum products, motor industry and especially the 20 per cent taxation on saving are very much of a punitive nature rather than an incentive to spur economic growth. When you have 55 per cent taxation on petroleum products and then you wake up the following day and say that you have deregulated the industry the benefits do not get to the consumers because the high taxation would have to be shouldered fully by the customers and the companies which deal in petroleum products have to make their own profits. It is for this reason that the prices of petroleum products have never dropped, in spite of the Government through the Permanent Secretary in the Minister for Energy, coming out frequently to plead with the oil companies to bring the prices down. They will never bring prices down until the Government brings down taxes on oil products.

Mr. Speaker, Sir, another issue that we will need to discuss in this House, and hoping that the Minister for Finance is aware of the practice, is that issue of paying interest to people who deposit money in utility companies, like the Kenya Posts and Telecommunications, the Kenya Power and Lighting Company and so many other services that require customers to put in deposits of sometimes up to Kshs10,000 and at no interest at all. This kind of money - I do not know how they record it in their own accounts, because they do not pay any interest on it. They just keep quiet about it. Another area that should be looked into and where interest should be paid

relates to landlords who let houses for residential or for office space. Sometimes they go to the extent of asking for rent in advance for two months, six months or even up to one year. There should be a law that should require these people not to spend other people's money at no interest and for no reason.

Mr. Speaker, Sir, while on that, there is another question of a monster called goodwill. It is all right for developers to go into real estates as a long term investment. But at the moment people go into the real estate investments as an instant gold mine for money. They go and construct their buildings, before the buildings are complete, they get all the people who are going to occupy them, and they ask for goodwill which is in some cases an equivalent of two years rent in advance, and there are no receipts issued for it. For that reason, if you talk to the Minister for Finance about it, at an individual level, he will tell you that they know about it but they do not know so much about it. It is a lot of money involved that the Government could be taxing. If the developers realise that they will pay 50 per cent interest on the goodwill money they are asking for, they will not be very excited about having it. Secondly, the kind of money involved would amount to money laundering. If you have somebody who has done a very major establishment, for example a large shopping centre, I do not want to name individuals, and for instance, there are 100 shops and he wants Kshs1.5 million on each one of them, that is quite a lot of money in any language.

Mr. Speaker, Sir, another issue is about the Minister for Finance including in the Budget some strange items that have totally nothing to do with the Government but have something to do with the private organisations. If you go and collect money from the customs service, excise duties, value added tax, income tax and other miscellaneous fees and taxes and then go and pump that money into the Kenya Institute of Public Policy, Research and Analysis, which has nothing to do with the Government, it has never appeared in the Kenya Gazette, it has never appeared in this House as a Government project, it is wrong. The Kenya Institute for Public Policy, Research and Analysis, is 100 per cent a KANU think tank. It is run by individuals who are not in the Public Service. It is situated in the Kenyatta International Conference Centre basement. The Minister for Finance has included under the Vote for the Ministry for Planning and National Development, Kshs30 million. I do not know under what circumstances the Minister for Finance decided to finance private organisations who are not accountable to Parliament or to the Controller and Auditor-General. So, when we have the Budget formulated, it should be handled by very competent people under the Ministry of Finance and we do not accept the sneaking in of such sub-Votes, because I noticed that a lot of Members had not noticed it. For that reason, because this is something to do with Treasury, it is important not to wait for the Ministry of Planning and National Development to explain how this got into the Budget. It is upon the Ministry of Finance, and I can see the Secretary-General trying to advise them on how they can handle it, to explain to this House why they sneaked it in there.

Mr. Speaker, Sir, another issue is that of donating to charitable organisations. There are always ways and means of having the donations to charitable organisations taxed.

The issue of Kenyans paying taxes but still have to finance a lot of projects through the spirit of Harambee has been debated. Harambee spirit has been infected by a virus of political corruption whereby, even as late as during the weekend, we heard the Asian community being ordered not to donate less than Kshs100,000 towards the National Youth Development Fund. When this limit has been put - I do not know how Sajjaad is going to respond to that - it amounts to extortion. It is like the people who are asking for this money expect members of the Asian community to pay ransom or protection fee to the Government so that they can continue doing business in the country. It is no wonder that many of the major scums are perpetuated by members of that community.

Mr. Speaker, Sir, I want to dwell on an issue that is related to the Office of the President; the Executive Secretariat and Technical Unit. These people organized the sale of Nyayo Bus Services Corporation and picked a company called Sea Walls (?) Services to buy it without saying that it is Ketan Somaia who is buying it. He is doing it as a private resident of this country or whatever the case maybe, but we would like the tendering process to be done in the most transparent manner so that Kenyans are not cheated through taxation and corruption at the Ministry.

**Mr. Obwocha:** Thank you, Mr. Speaker, Sir, for giving me the opportunity to contribute on this Motion on the specific proposals on the five various items of taxation. I will go straight to the Customs Tariff and Excise Duties. Our tariffs are still very high and the Minister for Finance should have laid emphasis on the collection of the outstanding custom duties rather than increasing the tariffs.

From the Financial Statement, I noted that the Minister for Finance has exempted the spouses of the diplomats who are returning into the country to import a car duty free. We know why this facility has been given to the permanent secretaries, the Members of Parliament and maybe the ambassadors, but what is the rationale of giving these exemptions to the wives? Is it because they are keeping them warm on the other side of

the country?

There is one area which we highlighted last year and we want to do it again this year; the process of computerising the Customs Department. If you are fortunate to own a clearing and forwarding firm and you visit this place, it is a nightmare. When is this programme going to be implemented? The Government continues, year-in-year-out, giving tenders through single sourcing to a company called Computers Applications Limited (CAL). Since 1989, these people have been given a Government contract to computerize the Customs Department, but up to now, they have not done it, and yet this Government is still giving them tenders. Now, hon. Minister, what is the rationale of giving these people this contract yet they are defrauding the Government instead of making your work much easier and better? You should give these tenders to somebody else who would make revenue collection for the Government easier for us to benefit from this money.

While we agree with the Minister for Finance on the proposals to rationalise the reliefs and introduce zero-rate band up to the level of K£7,200, for the Minister to be able to give relief to the middle level income earners, he should have expanded the band to at least approximately K£9,000 so that these people who contribute a lot to the economy of the country can get relief. These proposals have been given to him, but we do not think he has acted on them.

Some of the issues which we would have liked him to address are taxing the interest of income from businesses separately. As it is at the moment, if you own two or three businesses or if you have bought shares in three companies, they are taxed separately. We would have expected the Minister for Finance to also harmonise this area of taxation.

The other area where we are not happy about is that of making returns in instalments. The Minister for Finance agreed that we should not make these taxes in instalments, but he has not harmonized the issue of when you are supposed to send these returns to the Kenya Revenue Authority, when the assessments are done and when this tax which is due is supposed to be paid. We would have liked that part to be harmonized so that these penalties are not there. If you follow these penalties you will realise that the total penalty is 42.3 per cent, and by any standards, that is very high taxation. Even where we borrow money, the maximum tax we pay is 25 or 35 per cent.

We would also have expected the Minister for Finance to provide easy access to pension benefits by employees who are leaving the services by increasing their tax-free pensions.

Finally, I would also like to mention something about the Value Added Tax and the Miscellaneous Taxes.

On VAT, the level of collection is still an issue which we are not happy about because the people who are liable to pay VAT do not keep proper records. The Inspection Unit from the Ministry of Finance is not even working. You have people keeping two separate records. The administration of this tax is terrible. When is the Minister for Finance going to address himself to the outstanding cases of refunds from the Income Tax and VAT although in his speech he has already provided K£600 million for this exercise? Other refunds or quests for refunds go as far back as 1990. What is happening, which is making it impossible for them to refund this money?

The other issue on miscellaneous taxes is for the Minister for Finance to address himself to the issue of computerisation of the records and operations of the Registrar of Motor Vehicles. If you want a licence, whether it is for your vehicle or tractor, and you happen to go to Nyayo House, the place is chaotic. This is because it is very manual. This is one area where this same Government has given these corrupt people called Computer Applications Limited (CAL) a tender to computerise the operations of the Registrar of Motor Vehicles. This is a very sad affair. Still on that, the Government should stop the printing of fake receipts within that department. That is a practice which is still going on.

Finally, I do not know the rationale of the Minister for Finance to require hotels and restaurants to raise ten separate licences. If you operate a hotel or a restaurant, you are required to have a hotel licence, bar licence, boarding and lodging licence, managers licence, a hotel and restaurants authority licence and another six licences from the local authority. This is in excess of ten licences. What is the rationale of all this? We would have expected the Minister to rationalise and harmonise these taxes and have two to three licences.

With those remarks, I beg to support.

**Mr. Kibaki:** Mr. Speaker, Sir, in supporting this Motion, I have very specific recommendations to raise.

In this Budget, we expected the Minister, having stated that he wants to encourage investments in the economy, so that he can create employment, which is a very good ideal, to take some action to reduce the rate of interests. This is because, so long as the rate of interest is 26, 27, 35 per cent and anywhere along that region, no investor can recover that kind of rate of interest from any form of activity within the economy.

That is why, and the Minister here knows, we have no investments. We were looking for some measure to encourage reduction of rate of interest. The first step we had expected was for the Minister to make a



commitment to reduce Government borrowing. What keeps the rate of interest high is because the Government is borrowing very heavily, through the Central Bank overdrafts and Treasury Bills. It is collecting all the money from the whole of the financial sector and taking it to itself, and thereby, starving the private sector. That is a terrible thing. Until that is changed, the Minister, his Assistant Ministers and a few other Ministers here know that until that situation changes, nothing else is going to change the rate of interest. Therefore, since no action was taken on that score, we expect the Minister, when he is replying to this debate, to tell us at what stage he is going to take a serious action to reduce the rate of interests. Otherwise, the statement that the Budget was for the encouragement of investments is not true. It cannot be true.

The second point that I would like to raise is that the Minister could have lowered the rate of interest on companies. We had expected something to be stated. Nothing was stated on that matter. Thirdly, the biggest single problem which is killing our industry now, is that goods which are coming into the economy of Kenya, without payment of taxes. No custom duty is paid on many goods that are distributed within the economy of Kenya. Those few individuals who are known to the Customs Department and the Government, but who are allowed to continue fraudulently to bring goods into this country, without payment of tax are the ones who are killing our local industries. They are the ones who are continuing the fraudulent activities that we have now, and they are the same ones who are now making sure that our own people who are employed, are being sacked because companies can no longer go on operating. They cannot compete with goods which pay no tax. It is not possible.

We are not questioning liberalisation. But liberalisation must mean that a tax which is due should be paid and not evaded. Today, evasion of tax is the biggest single problem facing our industries. This is true of motor cars, household goods, industrial products and all other goods.

Mr. Speaker, Sir, I want to appeal to the Minister for Finance this year, to remove the Presumptive Tax on farmers products. He had promised to do something last year. The Presumptive Tax on milk, maize, wheat and anything that the farmers produce is evil. It is double-taxation. It is very evil because when you sell your milk or maize, on the gross amount that you receive, you are charged 2 per cent of the so-called Presumptive Tax. This tax is on the gross figure, before even they reduce your costs. Before they know what it has cost you to produce the milk and whatever problem you have encountered, they charge you on the gross figure. No other industry is penalised like that.

In an agricultural economy, it is absolutely evil to penalise the hard working farmers when other people do not pay this kind of tax. There is no justification. Above all, if there is anybody who needs to be encouraged, it is the peasant farmer, and the producer who sustains this economy. It is the producer who earns the foreign exchange on which the country and the Budget systems survives. I would appeal, therefore, that the Presumptive Tax be removed. It is a small tax, just 2 per cent, but for the farmers, it is killing. This is because it is on the total gross receipt of the farmer, before considering his initial costs.

Mr. Speaker, Sir, may I appeal that, in view of the fact that sugar, which we were told only two months ago, that there was excess sugar being imported, now it is being hoarded somewhere. There is manipulation in the economic system of Kenya. Those who are trading in sugar are hoarding it so that the prices will continue to rise. There is no other way you can explain that, two months ago, we were told that there was excess sugar and more sugar is being imported, and yet now, there is a shortage of sugar, and we are paying as much as Kshs52 per one kilogramme of sugar. Which people can survive on that basis? It is being made impossible for the ordinary Kenyan to survive. We are pretending, and even making a declaration that we are lowering inflation. How are we lowering inflation when sugar cannot be bought at lower prices, except for Kshs52 per one kilogramme?

Mr. Speaker, Sir, either we are able to allow greater freedom in the trading of sugar, or alternatively, the Minister can forego a little bit of the Excise Tax on sugar. He can forego a little bit of this tax, so that we can reduce the sugar prices up to where they are affordable by ordinary Kenyans. May I also appeal that the explanation given by the Minister for reintroducing and raising tax on Kerosene is not valid. It is not valid because he was claiming that there is alternative use of kerosene and, therefore, he had to tax it. Kerosene is very basic to Kenyans who are poor. There is a shortage of fuel wood. There is a shortage of other sources of energy.

To cook ugali you must use kerosene. If anything needed to be tax-free it is kerosene. Coming in the middle of an otherwise organised Budget, this tax looked totally out of order. Therefore it really ought to be struck out and the price of kerosene kept at the level it was before. There is no point in raising the cost of living for the ordinary town dweller by raising the price of kerosene.

Finally, Mr. Speaker, Sir, let me say that although these taxes mean that we shall raise more than adequate resources and have enough money to finance our services, it is quite clear from last year's financial statement that the target of reducing inflation will not be achieved until many of the locally produced goods can be produced in a bigger quantity. A bigger quantity will not come without additional investment. Additional investment cannot take place so long as interest rates remain at the level they are now.

I am repeating what I said at the beginning of my contribution. We appeal to the Minister to take action and lower Government borrowing. There is no reason why Treasury bills should be sustained at a level of almost Kshs70 billion. This is totally excessive. The interest paid on Treasury bills is so high, that all financial institutions go for Treasury bills and do not lend to anybody else. So, we shall never have money to invest. Therefore, actually we are kind of cheating ourselves by saying that we are going in a particular direction, and taking no action to move towards it. Unless something is done about this level of Government borrowing, we shall not believe that there is seriousness in what is being said in this Budget.

With those words I beg to support.

**Dr. Lwali-Oyondi:** Thank you very much, Mr. Speaker, Sir. I wish to say a few things on this Motion.

First, I think the Minister for Finance has to look into ways and means of preventing tax evasion. If all that is imported into Kenya was to be taxed, even at a rate lower than that which has been proposed by the Minister, we would have too much money. We would even not have a reason for the heavy borrowing we engage in from overseas, and going round begging for donations from various people.

Most of the traders in this country avoid payment of tax. They have a lot of loopholes through which they try to avoid paying tax and if possible claim money from the Government instead of paying it to the Government. Examples of these loopholes include the famous ones through which billions of shillings were taken away from the Government instead of the Government receiving revenue. One loophole is the use of forged letters purporting to be from the Treasury and to exempt duty. Another loophole is the excessive official exemption of duty, which I see in the Kenya Gazette every now and then. I think too many people are being exempted from duty, particularly duty on imports. The Minister should make sure that, first all, he does not exempt too many people from paying duty on imports. Secondly, he should make sure that there are no forged letters on duty exemption.

Another area that the Minister might consider is what they call the "export promotion programme office (EPPO)". This office provides exemption from duty on materials imported for manufacture of goods that are supposed to be for export. It is known that many manufacturers - we have talked to them - import materials that are supposed to be used to manufacture goods for export. Therefore, those materials are exempted from duty. But they manufacture goods and sell them inside the country. I am not talking of the manufacturers in the Export Processing Zones (EPZ). The ordinary manufacturers have this facility from the EPPO. To balance their books, these manufacturers go to one of the entry points like Busia, Namanga or Mombasa and get their papers stamped to show that goods have actually passed through. If the Minister is interested, he should ensure that these loopholes are not used by manufacturers.

Mr. Speaker, Sir, another loophole is "under invoicing". If, for example, an importer is importing goods worth Kshs100 million, he will go overseas, pay Kshs50 million there, come back here and pay another Kshs50 million, so that he is given an invoice for only half the price, namely Kshs50 million. Therefore, when his goods come in, he will pay tax on only Kshs50 million worth of imports instead of Kshs100 million worth of imports. This method of under invoicing is very much used by traders. We have talked to them and they have said they use it. Therefore, we should have a way of fighting it. Of course, the pre-shipment inspection is not all that fool-proof. You will find very valuable goods being imported at a very low price.

Another loophole that, probably, the Minister might have to look into is "exportation ex-warehouse". Here goods are put in a bonded warehouse and then there is a provision that if such goods are exported, no tax would be paid on them. Traders then sell locally manufactured goods from the bonded warehouses. They then again go to one of the entry points and get their C21 papers stamped to show that the goods were exported. Such traders have a loophole through which they will sell goods which have not been taxed. Therefore, they are able to sell them very cheaply.

Mr. Speaker, Sir, we also have local manufacturers who will give, particularly the Africans, a given price at a ware-house from their manufacturing plant. The mwananchi will pay VAT of 15 per cent, when he goes to mark them up in the shop to sell them, you will find that the next door neighbour particularly from the supermarket is selling them at the price lower than the price he received at the manufacturer's ware-house. This is really putting down the African trader, in that, he is the only one who is paying tax, but most of the non-Africans are not paying VAT. Another method they use is, if he gets 100 tonnes or 10 tonnes of goods, he will only pay VAT on half a tonne, the rest is given without VAT. Therefore, this particular trader begins trading at 15 per cent advantage over those Africans who usually do not import goods at a very high rate. So, these are some of the things that are first of all killing our African traders and denying the Government the revenue.

Mr. Speaker, Sir, I wish also to talk a little on the Treasury Bills. Treasury Bills have made banks very proud. Even when us Members of Parliament import cars and so on, we are supposed to pay them through a bank; one of the local banks here. We are charged between 30 per cent to 32 percent interest. That is very high,

many Members are finding it very difficult to pay for their cars because of this high interest. The reason why the banks cannot bring down their interest rates, is because they have got a very good area from the Central Bank where they keep their money. They buy Treasury Bills and they are paid a lot of money and therefore, they do not care whether a local trader borrows their money or not.

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

**Mr. Speaker:** I now call upon Prof. Anyang'-Nyong'o.

**Prof. Anyang'-Nyong'o:** Okay, finally!

Mr. Speaker, Sir, I beg to contribute to this Motion. First, there is one basic principle about a Motion like this one. The Government is asking us to give it powers to get money from the public. That means that the Government assumes that the public has money, or indeed there are incomes to be taxed. Whenever you see any Government raising the level of indirect taxation, then you must know that, that is an indication that, the group of people who fall within income brackets is going down. When the Minister proposes that he is raising the lower level of VAT to 8 per cent and lowering the top rate of VAT to 15 per cent, you may think that he has relieved the public of a great burden for taxation, but the truth is that this is being done precisely because more people are falling out of the work force. That more people do not have incomes to be taxed. Because the net effect of raising the lower level of VAT is because the Minister wants to get more money from those who depend on buying day-to-day wage goods. Because the lower level of VAT affects mainly wage goods; the kind of basic goods that everybody has to buy. So, more tax is going to be raised in terms of VAT from the 8 per cent bracket rather than from the 15 per cent bracket of VAT.

Mr. Speaker, Sir, I am saying this because what is happening in our economy is that more and more people are becoming poorer. The so called "golden handshake" in effect has become a "wooden handshake." Quite a big number of people who have got this "golden handshake" are now more or less destitutes. Because, without a proper pension scheme, a "golden handshake" is not very good for a retiree. You may think that you have Kshs60,000 that you have been given in a "golden handshake" but within a year, you will find that inflation is so high, that while you were previously used to living in a Government house and paying very little rent, when you go out and you have to face the reality of building a house for yourself or living in another house where you are paying rent, the "golden handshake" immediately becomes a "wooden handshake".

So, Mr. Speaker, Sir, in order for the Government, first, to ensure that those people who are being retired early use the "golden handshake" to put it in investments that will produce incomes for them, there must be a viable economic atmosphere where individuals are willing to invest and hence, where they are able to generate some income which will be taxed. The reality in our economy today is that, the economy is actually shrinking, and a shrinkage is demonstrated by the fact that, there is increasing unemployment and there is a big fall-out of quite a number of people from brackets of income that could be taxed. This was also clearly demonstrated by the Minister when he said that, people who earn less than Kshs6,000 will not be taxed; no income tax. This is very good, but if you look at the statistics, people earning less than Kshs6,000 are also becoming fewer and fewer because there is a great deal of unemployment down there. There are no longer growing industries and factories that will give casual employment, casual labour and so on. Recently we read in the newspapers that people are pulling out from the EPZs. Very few people are willing to invest in the EPZs. That means, of course, that the hope that we had that there was going to be greater opportunity for employment is not there.

If I could move to another issue, Mr. Speaker, Sir, it is the issue of collecting tax not from the group of taxation that we find here; Customs Tariff, Excise Duties, Value Added Tax, Income Tax, Miscellaneous Fees and Taxes. I do not know whether the levies fall under the Miscellaneous Fees and Taxes, but I wanted to talk about the levies in particular; the Training Levy, the Standardization Levy, the Petroleum Levy and so on. These levies are actually revenues that the Government collects, but does not use properly. If the Standardization Levy was used effectively, the standard of goods produced in this country would improve. But the Kenya Bureau of Standards is incapable of effectively managing standardization, precisely because the manner in which Standardization Levy has been collected and used, has not been effective and indeed we would like to see in every statement of revenue and expenditure, exactly how much the Government raises from these levies. I, to speak for myself, have never seen in any of these Statements of Accounts that we receive in this House, how much the Government actually raises every Financial Year from these levies and how they are used. When the Minister was making his Budget Speech, he said very well that they were going to use the Petroleum Levy for improving roads and this is very good. But these levies should be used effectively, but in order for us to know how effective they are, we should know precisely how much money the Government raises every year from these levies and whether it goes precisely to the intentions for which they are meant.

Mr. Speaker, Sir, the Minister said that it is no longer going to be necessary to put goods in bonded ware-houses because in his Statement, putting them in bonded ware-houses has led to goods

being pilfered into our economy and hence escaping taxation. But let me tell the Minister that, goods are pilfered into our economy, not so much on bonded ware-houses alone, but also when they are branded as "transit goods".

It is known that goods leave Mombasa as transit goods in lorries heading for Uganda or Sudan with police escort and everything else. The police finally return to base saying that the things went into Uganda, but actually only the lorries went into Uganda but goods were left here in Kenya. Or sometimes, if one is driving to Kisumu, he will see a lot of lorries which have had accidents with all kinds of goods fallen on the road side. One wonders whether these accidents are really genuine or they are ways by which transit goods actually find their way into our economy. I think this is an area in which the Minister should not only attack bonded warehouses, but there should be strict control of goods on transit.

Mr. Speaker, Sir, let me also talk about another issue. On page 16 of the Budget Speech which relates to the financial statement, for example, the Minister said:-

"I have expressed my concern many times about the failure of the financial sector reforms to bring down commercial bank rates to acceptable levels and to narrow the large gap between overdraft and saving rate. Nonetheless, the banks have proved resistant to appeals to make substantial and sustained changes in the desired direction."

I am saying this because when there is a big gap between the interest rate charged by banks and the rate of inflation there is something wrong. In his speech, the Minister said the rate of inflation has been brought down substantially. I do not know whether he said it has been brought down to 2 per cent or 12 per cent, I cannot quite remember the figures, but to one digit. But we know that the bank rates are between 28 and 35 per cent. Surely, we really cannot have such a low rate of inflation while having very high rates in the banks when you borrow money. If the rate of inflation is down to one digit, rationally, the rates in the bank should come down to two digits within 10 and 16 per cent there, but when they are still hovering between 28 and 35 per cent, the rate of inflation must also hover around 20 something per cent or more. So, I was wondering whether really the rate of inflation has come down to one digit or some statisticians in the Minister's office are not telling him the truth. But I would say that rather than appeal to the banks to keep down interest rates, the Minister should use the Acts available in our law books to do something about interest rates. Unless, of course, there are certain vested interest in the banks themselves using monopoly tendencies to keep up these rates outside the control of the Central Bank. So long as the rates are so high, people are not going to borrow money and invest it locally to generate incomes that the Government is going to tax. And without high incomes going into everybody's pocket in this country, we are not going to have viable economic growth and we are not going to have enough people with wealth to tax.

Mr. Speaker, Sir, I appeal for the Government to have an approach of creating the national wealth rather than taxing poverty. Thank you.

**Mr. Michuki:** Mr. Speaker, Sir, I thank you for the opportunity. Before I comment on the specific proposals contained in the Order Paper, I would like to make a few general remarks which I consider to be fairly relevant and within the atmosphere that this budgetary presentation should be looked at.

First of all, I would like to invite this House to the figures contained in the Recurrent Expenditure which show that although revenue continues to increase in leaps and bounds, the actual public debt is taking over 43 per cent of our total revenue, and consequently, the extend to which the Minister should proceed with additional debt to this country is very, very delicate. Indeed, there could be a time when practically every revenue will go to debt repayment. In fact, the actual presentation of the Budget here does not tell the whole story. It has already been said here that the Treasury Bills are standing at around Kshs70 billion. That means that at about 21 per cent we would be paying something in the region of Kshs15 billion, which could not be possibly be a part of the public debt which is shown as about Kshs60 billion. Therefore, I am giving a word of caution that at this rate of borrowing and considering the rate of growth within the economy, we are taking a very large risk in the continuation of borrowing. In fact, this Government, it is now almost 15 years since it last contributed from ordinary revenue monies to go into development. We have been borrowing in order to develop, we have not been generating in order to develop because we are generating in order to consume. This is the recurrent Budget which takes the whole lot of revenue that we raise.

Therefore, the contribution, I am glad that the Minister states in his Budget Speech, he will do his best for the first time to make a contribution into Development Vote. I wish you well Mr. Minister and you have my support in achieving that because there is no other way of continuing to reduce reliance on borrowing, borrowing which internationally and from the donors' pocket is dwindling year after year. And we have to take measure to ensure that as borrowing from international institutions, donors as it is dwindling, we must have leeways within the revenue in order to be able to replace what we are not going to get. If we are going to maintain, maintain that same level of the development. That is the first point I wanted to make.

Secondly, I wanted to make a general comment on the alleviation of poverty. The Minister has spoken

about this and even talked about this grandeur establishment of funds with support of K£10 to the President's effort and so on. But, we know for a fact that half of the Kenyan population and this is supported by research, is living below the poverty line. Now, how can we alleviate that poverty? How can we get, at least, a few millions out of that? There was a law, there was a time the Minister for Finance, when there were various lines of credit to farmers, indeed, the original intention of establishing the Cereals and Sugar Finance Corporation was as a way of crop financing. Today, there are people who have delivered their milk to the KCC. They are leaving in poverty although they have earned income which they cannot get hold of because the institution that deals with production has no means to obtain credits.

The Cereals and Sugar Finance Corporation is misused. It is the money that Bawazir in Mombasa and all those who deal with sugar and wheat must be availed of, instead of advancing this to the cotton, milk, coffee and tea farmers so that they are able to maintain a certain level of levy against what they have already earned but not paid. So that is the other general remark I would like to make. I am yet to see from within this Budget, what concrete measures are there to reduce poverty. But there are many ways in which we can reduce this poverty, by paying those who have earned incomes on time, but not to keep their income unpaid for four to six months. Over that period, the parent cannot send his children to school, there is no *unga* in the house and there are a lot of other problems. All this is not because that person did not sweat and work, but because there are no arrangements in place to make sure that, that earned income continues to remove that family out of the poverty line. That is the other remark I wanted to make.

Coming to these other matters, I agree with those who have spoken here before, and I have already mentioned this to the Minister. It is contradictory that our level of savings should be about 50 per cent of what is normal, and yet for whatever reason, impose tax on interest earned out of savings. I think it just cannot work. Indeed, it shows that there was a lapse in co-ordination, and I cannot fail to make that point.

Mr. Speaker, Sir, my other point that I would like to speak about has been adequately made by hon. Kibaki. I have certain experience, that in the last few years, those who actually deal with Treasury Bills in the Central Bank of Kenya on behalf of Government could not care less what they pay in the market. Through you, I would ask the Minister for Finance to investigate this matter because it is the truth. There is so much carelessness in that Central Bank that they are having to pay any rate of interest which then of course, is used by commercial banks as an excuse not to reduce interest rates. At some stage or another, the Minister would have to intervene in this matter of very great national importance. It is of national importance in the sense that we cannot obtain development here unless people can participate and, people will not be able to participate unless they can borrow. People cannot borrow because the interest rates are too high, and it will be futile to employ that money into any business because the returns you get will not be worthwhile your sweat. So, I think that seriously the Minister ought to look at this thing.

Finally, Mr. Minister, you owe us a statement on how the petroleum levy has been used.

Thank you, and I support.

**Mr. Mathenge:** Thank you, Mr. Speaker, Sir, for allowing me to make a contribution to this Motion. But first of all, before I start my contribution, I would like you to allow me the opportunity to clear a misunderstanding which has been created against my political stand.

### QUORUM

**Mr. Kiliku:** On a point of order, Mr. Speaker, Sir. I am standing on a point of order under Standing Order No. 24. There is no quorum in the House.

**Mr. Speaker:** Is hon. Kiliku right?

**Dr. Lwali-Oyondi:** Yes, Mr. Speaker, Sir, he is extremely right.

**Mr. Speaker:** Well, I am afraid, Mr. Kiliku, you are absolutely right. There is no quorum. Ring the Division Bell. I am sorry, Mr. Mathenge you will have to wait until we have a quorum.

**Dr. Kituyi:** He will start afresh.

*(The Division Bell was rung)*

**Mr. Speaker:** Order!

**Dr. Lwali-Oyondi:** On a point of order, Mr. Speaker, Sir. Is it in order for Dr. Kituyi to cross the Floor the way he did? First, he crossed to the Government side, and he has again crossed back this way. Is he in order?

**Mr. Speaker:** Order, Dr. Kituyi! Thou shall hold thyself with honour in this House at all times!

**Dr. Kituyi:** *(inaudible)*

**Mr. Speaker:** Order now! Hon. Dr. Lwali-Oyondi is entitled to rise on a point of order at any stage against any hon. Member, including yourself. You or any other Member are totally wrong to, actually, cross the Floor. So long as the Speaker is there and the Mace is in place, the House is properly constituted.

You may proceed, Mr. Mathenge.

**Mr. Mathenge:** Thank you, Mr. Speaker, Sir for allowing me to contribute to this Motion. But before I start my contribution, I would like to take this opportunity to clear a misunderstanding that has been created against my political stand in Kenya today.

In today's copy of the KANU-fitina-Mongering - *Kenya Times*, I am reported as having threatened to quit politics if the Government does not initiate constitutional reforms. I am accused of having said that the Attorney-General was wrong to close debate on the matter. I want to make it very clear that I am very firm in the Democratic Party of Kenya and as the DP Branch Chairman in Nyeri, anybody who doubts that must take it from me that I stand for democracy in this country.

**Mr. Speaker:** That is all right, Mr. Mathenge, but where does it fall? Is it Customs Tariff, Exercise Duties, Value Added Tax, Income Tax or Miscellaneous Fees and Taxes?

**Mr. Mathenge:** But it was a KANU propaganda. I do not support Mr. Kamotho because KANU lost in Kiiru, Kamacharia, Iyego and Maragwa. How can I praise him for having failed to deliver those wards for his party?

**Mr. Speaker:** Order! Order, Mr. Mathenge! I allowed a little latitude to express your views. I did call you to order, to concentrate on what is before the House as set out in the Order Paper, from (a) to (e). If at any time from now go outside these items set before the House in the Order Paper, you are now warned that you will be considered irrelevant and you stand the risk of having your speech terminated.

**Mr. Mathenge:** I have made a point. What I want to clear is that anybody who doubts my stand politically, is misinformed.

We are debating a very important matter here. The Kenya Government needs a lot of money in order to develop this country and uplift the living standards of our people. Some years back, the Kenya Civil Service was reputed to be second to none in its efficiency. If we are to collect adequate revenue in order to enable the Government to develop the country, we will need civil servants who are diligent, honest and with vision. We will have to make sure that the revenue anticipated to be collected from these sources will be collected, accounted for and spent according to the Government financial instructions.

The Government recently established the Kenya Revenue Authority in order to supervise collection of revenue and to ensure that money collected is accounted for and taken to the Treasury and then released through Government Votes, approved by this House. I do not think the Government ever intended that its civil servants should enrich themselves with collection of public revenue. We have heard the scam at the Port of Mombasa. We have heard of cases where some individuals were found to be having over Kshs200 million in their bank accounts. To-date, all that we have been reading about is the dilly-dallying by Government in successfully prosecuting those who were involved in the embezzlement of public funds. The Port of Mombasa is a big source of Government revenue and if the Government does not take measures to stop the siphoning of public revenue from the Port of Mombasa, it will be letting the country to bleed. If the country bleeds profusely, it will end up dying. Right now, this country appears to be dying because when you look at the roads, electricity and water supply are becoming a daily headache to our people.

Unemployment in this country does not seem to be improving because the Government is incapable of expanding employment opportunities. So, I would suggest here that the collection of revenue must be tightened up and there should be honesty in the collection of that revenue as well as in the expenditure of that revenue. The money we get these days is by far much more that we used to get 20 years ago. If the money we collect today is properly accounted for, there will be a transformation of this country for the better. But as it is now, embezzlement of public funds has been allowed to go on without a check. It is time we saw a change on the embezzlement of Government funds.

Sometime back, the Government created an Anti-Corruption Squad. Today, we do not hear much about the activities of this squad. We must get to know what this unit does or else the Members of the squad might work in collusion with embezzlers to syphon public funds. So, if we are to get things done as they should be done, we should expect good results from the Anti-Corruption Squad. There is no need for us to create bodies like the Kenya Revenue Authority and the Anti-Corruption Squad and expect those units to function and deliver the goods without a follow-up. The Minister should make a follow up through the civil servants to see to it that

something happens and that these bodies function according to what they were created for.

Another thing which I would like to mention here is the use of letter heads. The Minister responsible for revenue collection and those people working in the revenue collection unit should see to it that old letters belonging Customs and Exercise or miscellaneous receipts are no longer being issued by clerks and other officers. I have been to some offices where I was shown letters addressed to manufacturers and other people, but the stationery was not that of the Kenya Revenue Authority but from the old Exercise and Customs offices. If we are to be honest, Ministers and senior civil servants should make sure that the letterheads used are not the old ones because the old ones will be used by individuals to collect revenue for themselves and not for the Government. The Minister made a provision of Kshs200 million for the National Youth Development Programme---

With those few remarks, I beg to support.

**Mr. Sankori:** Mr. Temporary Deputy Speaker, Sir, I beg to support the Minister's proposals in relation to the taxes that he intends to levy from Kenyan public. But I would like to make a few observations. It is true that the approval of this House is required if the Government is to levy all that is stated there. The Government is actually composed of everybody in this land but we have got people who have been given responsibility to take charge of some or rather of various things.

To start off, we must blame ourselves as Africans in one way or the other because it so saddening to see that after 33 years of Independence, we rely so much on whites to make things right in Kenya. For example, it was this afternoon that the Minister was saying that the port of Mombasa is now generating funds or we are earning money from Mombasa Port. Is that because Mr. Breinsein who is a white is now the head of Mombasa Port? The other day Kenya Airways was actually put to be headed by a white. That is the time that we start seeing Kenya Airways realising some profit. Kenya Wildlife Service (KWS) is also headed by another white. It is high time that we should actually question ourselves whether we are so selfish to ourselves. Is it that we cannot manage ourselves that we need to get whites to come and manage us? I think it is high time that we should question the integrity of our own selves.

Mr. Temporary Deputy Speaker, Sir, I am sorry to say that we are actually starting to misuse our offices right from the top and we wait for the President to come and tell us to do a,b,c,d. Surely the President cannot be omnipresent everywhere and thus we have got all the Ministers, Permanent Secretaries and Managing Directors who are supposed to assist the President in his work. But now we wait until the President says "Kenya Co-operative Creameries (KCC) is dead", when we know it is dying. Why can the people responsible see that something must be done? We always wait until the President says "This hospital needs bed sheets". Why is it so? We wait for the President to say "Nairobi streets should be tarmacked and lit up with street lights" or wait for him to say "garbage should be collected". Surely, do we not have employees of the City Council to do this job? Is that to say that the President is the only one bringing money? The Minister concerned should actually act and tell all these people to be responsible in their duties. So, I am asking the Permanent Secretaries, the Ministers and the parastatal heads to work hard and efficiently in their duties.

Mr. Temporary Deputy Speaker, Sir, there is a lot of misuse of public resources. For example, you might find one managing director being assigned five vehicles. For what? I am sure even a Minister does not have all these five vehicles. The Minister probably at the most has only two vehicles. But you find a parastatal head having two vehicles for himself, one for his wife, and two for transporting his children to school. What for? This depicts the misuse of public resources. I will not spare the doctors either. Hon. Angatia always supplies drugs to hospitals, but within a week we do not see those drugs. Where do they go? Do they grow legs? They go to the doctor's private clinics and then you start blaming the Government. We should actually now pin-down the culprits. They should carry their own crosses. I am surprised that the Members of the Opposition always point their fingers at us on the KANU side accusing us of these misdeeds. Surely, is that to say that civil servants are KANU sympathizers? They also voted for you Opposition Members. You also contribute to that theft of drugs from hospitals because most of you Opposition members own your own clinics. You are the ones who conspire with the doctors to steal these drugs and take them to your private clinics.

Mr. Temporary Deputy Speaker, Sir, we support the collection of all these taxes. Let us now make this year a year of action and I appeal to all those people who hold responsible posts or who have been assigned responsible jobs by the authority to work diligently. As hon. Shikuku always says "You only need one but not two suits the day you will die", "You only need one but not six coffins the day you will die", "You need a hole measuring six by six feet to be buried in but not 100,000 acres of land". Whatever looting we are engaging in here in this world we will leave it when we die. So why can we people who have responsibilities not try to be a bit fair to our fellow countrymen so that we serve them better?

Mr. Temporary Deputy Speaker, Sir, the Income Tax is a very old colonial type of taxation. We are taxing innocent people and omitting the real taxpayers. A lot of people are going scot-free

without being taxed especially the businessmen. It is high time that the Minister tried to develop a system to make sure that instead of taxing a poor man who only earns Kshs. 3,000 per month, the one who earns Kshs. 3 million should be the one who is taxed. And I am sure there are ways and means of getting these taxes to the Government's coffers.

Mr. Temporary Deputy Speaker, Sir, on Value Added Tax (VAT) why should one be taxed when he builds his own small house at home. I think prices of building materials have soared greatly and I think that it is high time that if we want our people to build proper houses and shelters then we should lower taxes on building materials.

The other day the Minister for Finance levied kerosene simply because a few litres had been found going across the border. We are trying to create another problem. If we increase the cost of kerosene, let us be prepared to lose forests because the people will turn back and start using charcoal. So at the end of the day, we are actually making Kenya a desert. I will probably ask the House to request the Minister to revert that taxation on kerosene. I think it is high time that the Minister for Environment and Natural Resources sees the danger that is likely to be caused by the heavy taxation on kerosene, the forests are going to disappear because people must have the fuel to cook their own food. If I cannot buy kerosene, I know I can see a tree somewhere which I will cut down and cook my food with.

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

**Dr. Kituyi:** Mr. Temporary Deputy Speaker, Sir, I wish to start off with a matter that is not strictly-speaking part of the discussion on taxation issue, and I promise that it will be the only diversion I will make right now. I take advantage of the rare presence in this House of the Minister for Local Government, hon. William ole Ntimama, to raise the concern that some of us who come from where I come from are having problems right now. Why? A clerk to the Bungoma Municipal Council having been transferred to Meru County Council, mostly because of the sale of all available public space in Bungoma Town, has not only refused to move, but continues to challenge us to find alternative methods of getting him out. Mr. Minister, I will request that you do something before we find alternative methods of moving him out of Bungoma.

*(Applause)*

Mr. Temporary Deputy Speaker, Sir, now I undertake to remain relevant to the matter before the House. I appreciate certain measures that are attempted by the Minister for Finance, but I sympathise with him from the outset. My sympathies with the Minister are founded on the very shoddy job that was done by his colleague in charge of the economic survey. That usually one would like to assume a very sound statistical base of what is happening to the macro-economy as reflected in the Annual Economic Survey, and on the basis of that, to see how the taxation measures are going to estrange what is positive and reverse what is negative. At the time when we have a very, very shoddy job founded on very, very shallow research, written in a most unprofessional way, discrediting the tradition of an important document, The Economic Survey, it becomes very difficult to relate the taxation measures, or the entire Budget of Government to what is happening in the longer term to the nation's economy. It is very unfortunate and we hope that the Ministry of Finance will send certain messages to their colleagues in the Ministry of Planning and National Development, to return to the tradition of giving dignity and respectability to the document we call the Economic Survey.

Mr. Temporary Deputy Speaker, Sir, usually when one wants to look at the taxation measures undertaken by the Government, one would hope that the priorities for development are reflected in whether to increase or reduce taxation. There is one area which I found very baffling in the current Budget and this is in relation to the extra statement of the Government's interest in strengthening the Jua Kali sector, and then you look in relation to that what taxation is being imposed on importation. What one would have expected is that the Government would have structured the regime of taxation on capital goods to reflect a desire to increase the technical content of our Jua-Kali manufacture in order to encourage this sector to break into the new market. What we see is a blanket generalization about what level of taxation for capital goods regardless of what impact they have, if at all on the Jua-Kali sector, or how much competition they offer to capital producing Jua-Kali initiatives in the country.

On the other hand, you find a very strange waiver, a statement reducing duty on wheelbarrows. This morning I walked through Gikomba and saw how impressive the kind of wheelbarrows being made there are. At the time when the Government is pointing at the Jua-Kali sector as the main manufacturers of employment in the country, one would have expected that the Government, in fact, would have increased duty on imported wheelbarrows because the Jua-Kali sector in Kenya, is capable of producing all the wheelbarrows that are needed by the construction and other industries in this country. If the Government was interested in assisting the Jua-Kali



sector, how did this Government reduce duty on imported wheelbarrows which are giving undue competition to the Jua-Kali sector, which is making wheelbarrows?

Similarly, Mr. Temporary Deputy Speaker, Sir, one of the worst consequences of liberalisation in this country has been the massive inflow of wines and beers from South Africa. While it is acceptable that competition has to be allowed in the brewing and wine industry in this country in order to increase and improve the local quality and efficiency, it is not acceptable that the South African Government continues subsidising exported wines and beers to encourage dumping into this country, and we do not attempt any tariff based measures to contain the dumping that is already affecting other countries like Zimbabwe. One would have expected within certain reasonable measures that the Government would have increased the tariffs on the South African wines and beers in the current Budget.

Mr. Temporary Deputy Speaker, Sir, I return to a matter I mentioned last week about the rationale for certain reductions in duty. Under the taxation measures Number 14, the Minister has declared his intention to reduce duty on second-hand clothes and the reasonable being proffered is that this is in order to encourage greater compliance by importers. The reason why importers of any commodity are not complying with the Government taxation measures is not so much because the taxation is high, it is often because they can get away with evading taxation. What was required in the textile industry at this moment, is not to reduce duty so as to get more compliance by importers of second hand clothes, but it is to tighten the implication measures because at this time it is not sustainable that this country's textile industry will grow, given the limited quotas that were being allowed on export markets in America and Europe, when we are continuing to expand the importation of second-hand clothes. This is the time at which the priority of this country should be how to revive the textile and cotton growing industries in this country. Such measures would be to gradually face out the importation of second-hand clothes instead of rewarding the culprits who have been importing them duty free by reducing what duty they have to pay to the State. Recently this Government embarked upon measures which are meant to make the currencies of Kenya, Uganda and Tanzania easily convertible. This is something that is laudable and positive in greater regional integration. However, considering the history of this region, particularly Uganda in the 1970s and Kenya in 1992, we have to be wary of free convertibility of currencies under conditions where one of the parties can easily export inflation to other countries by overproduction of tender notes. Unless mechanisms are built into controlling excess liquidity in the partner countries, a free convertibility of currencies can easily be exploited by a neighbour wishing to export inflation to neighbouring countries and cushions itself by printing excess money. I hope that the central banks of the three countries will move quickly to tighten any potential loopholes that can be exploited in that direction.

Mr. Temporary Deputy Speaker, Sir, while I am still talking about the East African countries, there was something very interesting that happened in Uganda last week. The Government of Uganda became the first Government in Sub-Saharan Africa to ban the importation of beef or related products from Great Britain because of the threat of the mad cow disease. That was a very important and bold step to take.

Whereas many may think of this as an academic issue, often we have imported the burdens of Europe without the capacity to deal with those burdens as efficiently as they can do. I mention this matter in relationship to one matter. Two weeks ago, the European Parliament in discussing conditions under which they could re-open the export of British products to Europe, considered the control of tallow, beef and cattle semen from Great Britain into the European Union (EU).

Mr. Temporary Deputy Speaker, Sir, the current Budget abolishes duty on semen imported for artificial insemination purposes. It will be important that the Minister undertakes to tighten controls so that at a time when British semen has no market in Europe because of the mad-cow disease, it does not find its easy way into the Kenyan markets as an alternative. This is very important for those of us who come from areas where the dairy industry is important and is struggling to revive after major problems.

Finally, it is very unfortunate that at the time when the Government is reducing duty on cereals, wheat and maize and defining a certain bench mark duty on sugar, the Government has not given us the reason why in the past, tariff based measures have not cushioned the domestic producer from dumping measures by importers and exports from other countries. At such a time, the little we would have expected are measures that cushion the producer at the level of input. Immediately after the Budget was read here, we read of Government's announcement that it was auctioning commodity aid fertilizer to the private sector.

What we had expected are bold measures to use commodity aid fertilizer to reduce the pain that the current Kenyan maize and other cereal producers are suffering because of liberalisation at the farm gate of produce but not of imports.

With those few remarks, thank you.

**The Assistant Minister for Lands Settlement** (Mr. Sumbeiywo): Thank you Mr. Temporary Deputy

Speaker, Sir, for allowing me to contribute to this very important Motion. When we talk about collection of revenue, we are saying that we are looking for money to run this country. We are looking for revenue to develop the country, the infrastructure, roads and so on. In this country today, there is an echo; everywhere you go there is a song that the roads are impassable because they have not been repaired. We always collect revenue for the purpose of developing these roads, but they are not being repaired, because the money goes to somewhere else, when it is supposed to go the road maintenance and maintenance of medical services, and the provision of other public services. What we require in this country today, are upright civil servants; people who are honest. When Civil servants are given money to use in developing various areas, they should put it to that particular use, but not to divert it to other uses. In this country today, there are some new vehicles which bear numbers X-GK, and yet they are still moving. They are serviceable. Why can they not get repaired? While we are collecting revenue at one end, we are losing it at the other end because it is not properly looked after.

On Presumptive Tax, every farmer in this country is supposed to pay Presumptive Tax, and yet they do not get enough money from the sale of their grains, which leads us to use the little revenue collected to import grain into this country. If the farmers in this country are left free of tax, or given subsidies by the Government, so that they can produce more, we will save the little revenue that has been collected.

I have had the privilege of working in the Directorate of Commerce and Industry, where I was charged with the duty of looking after the transit goods. In that particular area of transit goods, the Government is losing a lot of revenue. This needs to be properly supervised and properly monitored, because you find that the goods are left somewhere in one of the ware-houses in Mombasa or in Nairobi or wherever and the documents are taken all the way to Malava to be cleared. Yet the goods find their way back into this country and this destabilises our economy. So, I suggest that the transit goods that go to the landlocked countries are properly supervised so that we collect sufficient revenue to enable us to develop our country.

Development depends on borrowing loans from the banks so as to put up residential houses or commercial buildings. Today it is difficult for an ordinary person to borrow money from the bank and put it in a useful development project to generate income. One of the speakers had earlier said here that the Central Bank of Kenya should be hard on the commercial banks and ask them to reduce the rates of interest so that every person in this country can develop, both in the rural areas and in the urban areas. By doing so, we will generate some revenue, but if the market is stagnant then we are not developing, people are scared of borrowing money from the commercial banks. I think and I believe that the Central Bank of Kenya has got an obligation to control the commercial banks so that they can reduce their interest rates.

Mr. Temporary Deputy Speaker, Sir, I am sure the newly established Kenya Revenue Authority is doing a very good job and it needs to be backed up. It needs to be assisted and this officers should be well paid so they do not get tempted to accept bribes. This should also be done for the policemen on the roads. Our policemen on the roads are collecting revenue through the cases that they detect. When the cases go to court, the culprits are fined. But the poor policeman earns a very little salary. We should establish a commission to look after the welfare of the policemen including their salary, so that they are not treated like other civil servants. These policemen work for 24 hours a day or even 48 hours, without any break at times. In order to collect more revenue for the Government, they should be properly paid.

Mr. Temporary Deputy Speaker, Sir, the Jua Kali sector can generate a lot of revenue for the Government by producing locally manufactured goods which can be sold, and at the same time bring in some revenue. So, I suggest that some more money should be given to the Jua Kali sector in future so that they can produce goods which we presently import. What they manufacture even looks more valuable than what we import.

Recent increase in the price of kerosene has affected our rural people. Our grandmothers and mothers in this country depend on kerosene. These people and the poor farmers, who will be made to pay Presumptive Tax, are the highly taxed people. Our people in the rural areas are more taxed than the people in urban areas. Those people in rural areas who earn some income from their property do not pay the right amount of income tax because some of them evade it. Some of these people even keep two receipt books. I am sure that most of our hon. Members here know that these people keep more than two types of records in the course of transacting their businesses.

With those few remarks, I beg to support.

**Mr. Kiliku:** Ahsante sana, Bw. Naibu Spika wa Muda. Nikiangalia Customs Tariff ninaona kwamba inasemekana kwamba mtu akileta vitu kutoka nje atapatiwa siku 21 kuvichukua kutoka kwa Port ya Mombasa, na ikiwa katika muda huu hatakuwa amevichukua ataongezewa siku zingine 21. Wahindi wana tabia moja ya ajabu sana. Utapata kwamba Mhindi ataleta magari kutoka nje na kukataa kuyachukua kutoka kwa Port akingojea wakati wa mnada ili ayanunue kwa bei rahisi. Inatakiwa kwamba hawa watu wakileta vitu na wakose kuvichukua katika muda huu, wasiruhusiwe kuhudhuria mnada. Hata wakati mwingine utapata kwamba Marcedes Benz

itatoka Kshs200,000.

Kuna wakati mwingine ambapo katika Port ya Mombasa magari yalipotea usiku na hali mnada hufanyika mchana. Ni lazima Waziri aeleze ni wakati gani huu mnada utakuwa unafanyika. Hatutaki mnada wa kufanywa usiku! Mambo ya usiku ni ya giza. Lazima Waziri aeleze kwamba mnada utakuwa ukifanyika mchana baina ya saa mbili na saa kumi ndio watu wote waone linalofanyika. Watu walikwenda katika Port asubuhi na kupata kwamba magari yote yalikuwa yamechukuliwa.

Pia sikubaliani kabisa na jambo la kusema kwamba huu mnada utakuwa unafanywa na wataalam wa kunadi peke yao. Huo ni wizi. Ni lazima huu mnada uwe wazi kwa wananchi wote. Hatutaki watu binafsi. Mtu yeyote awe na uhuru wa kwenda huko. Hawa watu wachache ndio wameibia Serikali hii na wanataka tuidhinishe wizi.

**The Assistant Minister for Finance** (Mr. Keah): On a point of order, Mr. Temporary Deputy Speaker, Sir. Hon. Kiliku is really misleading the House in the sense that, he is alluding that only certain people will be ticked to go for the auction. What we are saying is that, the firms that will carry out the auctioneering will be professional firms.

**Mr. Kiliku:** Bw. Naibu Spika wa Muda, magari yanayoagizwa na nchi kama vile Rwanda, Sudan, Uganda na kadhalika, yanapitia katika Port ya Mombasa. Hapo zamani, haya magari yakishafika katika Port yalikuwa yanachukuliwa na madereva wa Kenya na kupelekwa hadi katika mpaka lakini sasa mambo ni tofauti. Hivi sasa watu kutoka nchi tofauti tofauti wanayachukuwa haya magari yao katika Port ya Mombasa na hivi sasa watu wa Kenya wamekosa kazi. Ni kwa nini hii Serikali haiwezi kuruhusu madereva wa Kenya kuchukuwa magari katika Port ya Mombasa na kuyapeleka kule mpakani ili nao wapate pesa kidogo? Kwa njia hii, watu wa Kenya watapata kazi. Utapata kwamba kwa sababu hawa madereva kutoka nchi za nje hawajui zile sheria za barabara za Kenya, wanafanya ajali nyingi zifanyike. Ajali nyingi zinafanyika katika nchi hii kwa sababu ya watu hawa ambao hawakupata mafunzo yao ya uendeshaji wa magari katika Kenya. Hata utapata madereva wengine wakitumia mkono wa kulia na wengine mkono wa kushoto kwa sababu wanatumia sheria za undeshaji barabara katika nchi zao. Kama mtu moja anatumia mkono wa kushoto na mwingine wa kulia, si ni lazima magari yagongane na hivyo kusababisha ajali? Huo utaratibu urudishwe katika Port ya Mombasa.

Ninaunga mkono Serikali katika jambo la kuweka sukari na vitu vingine katika bonded warehouses, maanake kuna watu wengine wamekuwa na tabia ya kuleta sukari na kuiweka katika godown na kuificha pale hadi imalizike katika duka kisha baadaye waitoe na kuipandisha bei. Hata wakati mwingine tunaambiwa kwamba meli iko katika high seas lakini hapo baada ya siku mbili unapata sukari! Ni vizuri sukuri ikishaletwa katika Port ipeleke moja kwa moja kwa wananchi.

Wale askari ambao Serikali imetuma katika Port ya Mombasa wanaojulikana kama Anti-corruption Unit, hawajui mambo ya Port hata kidogo. Hata hawa ndio wamekuwa wafisadi zaidi ya wale watu wafisadi. Utatumaje mtu ambaye amemaliza mafunzo juzi kuangalia mambo ya Port na ilhali hajui hata Port inakaa vipi? Atajuaje kazi? Hata hana habari kuhusi Port na ilhali unamtuma huko akaangalie ni nani wanaiba katika Port? Wale watu wamekwenda kula pesa tu. Kwa nini hamwezi kuteua watu ambao wanafahamu mambo ya Port?

**The Assistant Minister for Lands and Settlement** (Sumbeiywo): On a point of order, Mr. Temporary Deputy Speaker, Sir. Is the hon. Member in order to imply that all those members of Anti-Corruption Unit are new police officers from college, and yet I am sure that they are trained on how the Port operates before they are deployed to perform those particular duties?

**Mr. Kiliku:** Bw. Naibu Spika wa Muda, nataka kujua kupitia kwako, ikiwa rafiki yangu, mhe. Sumbeiywo, anazungumza kama Mbunge ama polisi ili nimjibu.

**The Temporary Deputy Speaker** (Mr. Wetangula): Mhe. Kiliku, unajua kuwa, mhe. Sumbeiywo ni Mbunge.

**Mr. Kiliku:** Ahsante sana, Bw. Naibu Spika wa Muda.

**The Assistant Minister for Lands and Settlement** (Mr. Sumbeiywo): On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Member knows that I was elected into this House. I was never nominated and I am not a policeman. I am an hon. Member of Parliament for Kerio Central Constituency.

**Mr. Kiliku:** Ahsante sana, Bw. Naibu Spika wa Muda. Mimi nilikuwa nikisema ya kwamba, ikiwa mtu anatumwa kufanya kazi katika bandari ya Mombasa, lazima awe anafahamu utaratibu wa bandari hiyo. Siyo kutuma mtu yeyote tu. Lazima awe mtu ambaye ana ujuzi wa mambo ambayo yanaendelea katika bandari.

Bw. Naibu Spika wa Muda, lazima Waziri atueleze Petroleum Levy inayochukuliwa na Kenya Revenue Authority ni ya kufanya kazi gani. Petroleum Levy ilikuwa inatozwa na National Oil Corporation of Kenya (NOCK) kwa sababu kampuni hiyo ilikuwa imeanza kujenga vituo vya mafuta ili kushindana na Kenya Shell, Caltex na wengine. Lakini sasa, NOCK imenyimwa hiyo Petroleum Levy na kupelekwa kwa Kenya Revenue

Authority. Je, Petroleum Levy ina uhusiano gani na Kenya Revenue Authority? Watakuwa wakiifanyia kazi gani? Haya ndiyo baadhi ya makosa ambayo yanafanyika.

Waziri ametuambia kwamba wanajenga viwanda vya gesi ya LPG. Kenya Oil Refineries inajenga kiwanda kama hicho cha gesi ya LPG kwa gharama ya Kshs800 milioni. Kwa nini kunajengwa viwanda viwili vilivyo sawa, wakati mmoja na pahali pamoja kwa gharama ya Kshs800 milioni kila kimoja? Ikiwa Kenya Oil Refineries inajenga kiwanda cha gesi ya LPG, ni kwa nini tunapendekeza kwa Serikali hii kujenga kiwanda kingine cha gesi ya LPG kwa gharama ya Kshs800 milioni? Huu wote si ni wizi? Gesi hiyo yote itafanyiwa kazi gani? Bw. Naibu Spika wa Muda, ni lazima tuangalie vile pesa zinatumiwa.

Nikimalizia, Public Accounts Committee (PAC) ina uwezo wa kumtaja mtu yeyote, na ina uwezo wa kupendekeza mambo yoyote. Ilikuwa ni makosa kwa Spika wa Bunge hili kuzungumzia juu ya mambo ya PAC kabla hawajaleta Ripoti yao mbele ya Bunge hili.

Kwa hayo machache, ahsante sana.

**Mr. Obwocha:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I would like some clarification from the Chair, whether it is normal for an ordinary Member of Parliament to give his address from the Minister's dispatch box?

**The Temporary Deputy Speaker** (Mr. Wetangula): Mr. Obwocha, you were here when I ruled that there is no rule that stops anybody from speaking from where hon. Kariuki is. Were you not here last time?

**Mr. Kariuki:** Mr. Temporary Deputy Speaker, Sir, let me continue because you are not required to make any ruling. The correct position is contained in the Standing Orders. The hon. Member should have stood up and said: "Under Standing Order number this or that, such and such a Member is not supposed to speak from where he is". Anyway, ignorance is no defence.

**Mr. Obwocha:** On a point of order, Mr. Temporary Deputy Speaker, Sir. The hon. Nominated Member is imputing improper motive on the hon. Member for West Mugirango by saying that he is ignorant, and yet he is living in his hey days of the 80s.

**The Temporary Deputy Speaker** (Mr. Wetangula): Mr. Obwocha, what amounts to imputing improper motive about one saying that you do not know the Standing Orders, when you have displayed that you do not know them?

**Mr. Kariuki:** Mr. Temporary Deputy Speaker, Sir, hon. Obwocha is my friend, and he always likes to tease me when I stand up to speak.

Coming to the real point, I would like to say a few things. First of all, I thank the Minister for Finance and his team for their ability, which has enabled them to scratch around and prepare such a Budget in an economy like the one we have. They deserve a lot of credit from this House. They have tried. The entire Government has tried to show that Kenya can still be respected for continuity and also for ability to manage the little wealth we have.

That point aside, if we had a strong economy, we would not have had the few problems that we are having today. We would not have bothered about increasing tax on such a commodity, which is used by the poorest people of our nation, like kerosene. What is important here is for us to create a situation where economic situation is paramount, and we will be proud of our economy and country. The environment for a strong economy has to be created by both sides of this House. Unless we do that, perhaps even next year, we will increase the prices of kerosene and petrol just as we have done this year. This will happen because our economy is not strong enough to support certain expenditures.

Population increase is giving us a lot of other problems. So, we must all the time plan ahead of population increase. But today this Government and the country are not capable of planning ahead of population increase and economic growth. In fact, the Government is being "chased" by population increase all the time. Therefore, it will be always be very difficult for any Minister of Finance to be able to produce a Budget which is both in favour of poor people and unanimously acceptable to different sectors of the economy.

**Mr. Obwocha:** On a point of order, Mr. Temporary Speaker, Sir. I wish to point out on page 22, item 78 of the National Assembly Members' Handbook states:-

"Members must speak from their own places, except that Ministers may speak from the Dispatch Box on the Table".

This Handbook is based on proceedings and traditions of most Parliaments in the Commonwealth.

**An Member:** That is not our Standing Orders book!

**Mr. Obwocha:** It is on Parliamentary practice!

**An. Member:** But we have seen hon. Obwocha speak from the Dispatch Box!

**Mr. Obwocha:** Yes, because I am the shadow Minister for Finance in the Opposition!

Mr. Temporary Deputy Speaker Sir, if I can finish, so that you can make a ruling based on this, it says:-  
 "That, Members must speak from their own place, except that Ministers may speak from the Dispatch Box on the Table. It is out of order to read a speech although there are exceptions to this rule. That is, initial

answers to Parliamentary Questions which are written to be both read and delivered to the Questioner and a Government spokesman answering a supplementary question or opening a debate may be permitted by the Speaker to use rather full notes as he may be giving utterance to authoritative announcements or dealing with figures and technicalities which cannot be memorized easily."

So, it is on this, Mr. Temporary Deputy Speaker, Sir, that I rise to challenge the hon. Member who is making his speech from the Dispatch Box on the Government side, because only Ministers can do that.

**An hon. Member:** Like you!

**Mr. Obwocha:** Like me from the Opposition here, Mr. Temporary Deputy Speaker, Sir.

**The Temporary Deputy Speaker** (Mr. Wetangula): Mr. Obwocha, Standing Order No.172 says:-  
 "All seats in the front benches of the Chamber shall be reserved for the exclusive use of Ministers."

Why have you not raised a point of order on that?

**Mr. Obwocha:** Mr. Temporary Deputy Speaker, Sir, that was raised on---

**The Temporary Deputy Speaker** (Mr. Wetangula): Hon. Kiliku was speaking from the Dispatch Box!

**Mr. Obwocha:** Mr. Temporary Deputy Speaker, Sir, two wrongs do not make a right! If the Chair---

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

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

**The Temporary Deputy Speaker** (Mr. Wetangula): Order, hon. Shikuku! We ruled here before, and that ruling still stands. That, Members are free to speak from where hon. G.G. Kariuki, is speaking, and he is not flouting any Standing Order. Carry on, hon. G.G. Kariuki!

**Mr. Shikuku:** On a point of order, Mr. Temporary Deputy Speaker, Sir. I know as you know, the whole House knows and the world knows that we are all human beings and can make mistakes. We had Humphrey Slade who was an expert here. He used to make rulings, and on reflection, when he finds he is wrong, he comes and says, he is wrong. Now that this point has been raised and it has been there before and the ruling was made, is it not time that the Speakers also reflected?

**The Temporary Deputy Speaker** (Mr. Wetangula): Mr. Shikuku, that is not the first time that point has been raised. That may very well be in the handbook, this is a multi-party Parliament and we have a Standing Orders Committee looking into all these rules and much sooner than later, they will be harmonised to come to grips with the situation of a multi-party Parliament. I have ruled that hon. G.G. Kariuki is right and he shall continue speaking from where he is speaking.

**Mr. Shikuku:** On reflection, it shall be!

**Mr. G.G. Kariuki:** Thank you, Mr. Temporary Deputy Speaker, Sir. Now that my time is running out very fast, I would like to also try and speak faster than my time. Now, on the economy of this country and I have already stated how weak it is, it is imperative that the Ministry of Finance realises that the printing of easy money from Treasury that is said to be Treasury Bills is the one which is ruining this economy even further. Because, the money which is borrowed by the Kenya Government, from the Treasury, through the Central Bank is running to over Kshs100 billion. Now, this money is pumped into the economy which cannot support the same amount. It is important that the buying of Treasury Bills should be reduced.

Now, the other thing is the rate of interest---

Mr. Temporary Deputy Speaker, Sir, with these few remarks, I would like to support. I am very frustrated because that guy has really messed up my time.

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

**The Temporary Deputy Speaker** (Mr. Wetangula): Order! Mr. Shikuku, I have looked at the handbook again. The paragraph that Mr. Obwocha has drawn my attention to, Number 78, says:-

"Members must speak from their own place, except that the Ministers may speak from the Dispatch Box on the Table. It is out of order to read a speech although there are exceptions to this rule."

Now, as I said, this is an edition of the Single Party Parliament. We probably need a revision of this. I will ask the Speaker himself to make a substantive ruling on this.

But my own opinion is that hon. Members are free and are allowed to speak from anywhere.

**Mr. Mulusya:** Not from anywhere!

**The Temporary Deputy Speaker** (Mr. Wetangula): Order, hon. Mulusya! You shall leave for interjecting the Temporary Deputy Speaker while on his feet!

*(Mr. Mulusya withdrew from the Chamber)*

**The Minister for Home Affairs and National Heritage** (Mr. F.L. Lotodo): Mr. Speaker, Sir, the word "may", is it strong enough like "must" or "shall"?

**The Temporary Deputy Speaker** (Mr. Wetangula): I shall refer the matter to the substantive Speaker of the House and request him to make a formal ruling for avoidance of any doubt.

**Mr. Shikuku:** Asante sana, Bw. Naibu Spika wa Muda. Jambo la kwanza, nataka Waziri wa Fedha ajue watu wa Kenya wanatozwa kodi ya juu sana. Pengine sisi ni namba ya pili baada ya Sweden, lakini ukienda Sweden unapata huduma. Hapa tunatozwa kodi ya juu sana. Kwanza, mtu anapopata mshahara analipa kodi ya PAYE, kuna ushuru wa Service Charges na kadhalika. Ukibakisha kidogo ambacho unapeleka benki, Waziri wa Fedha amesema atachukua asilimia 20 ya akiba yako. Kwa hivyo, hii Serikali inawaibia wananchi kwa sababu pesa ambazo wanazochukua kwa wananchi hazitoi huduma kwao.

Jambo la pili, ningependa kumwambia Waziri wa Fedha katika hii custom tariff wamesema wameongeza bei ya diseli. Iwapo tutaongeza bei ya diseli inamaanisha ya kwamba kusalisha chakula cha kutosha kuwalisha wananchi kumeingiliwa. Na yeye anafikiria ya kwamba ametengeneza Bajeti nzuri sana na kuna "wakora" wengine wanaosema Bajeti hii ni nzuri sana. Ninawaita "wakora" kwa sababu tumbo ni lazima lipewe chakula na ikiwa bei ya diseli imepanda chakula kitasalishwa namna gani na wakulima?

**The Assistant Minister for Finance** (Mr. Keah): Nasimama kwa jambo la nidhamu, Bw. Naibu Spika wa Muda. Huyu mhe. Shikuku anasema "kuzalisha" chakula. Je, chakula kinaweza "kuzalishwa?" Kukuza chakula ndicho Kiswahili sanifu maanake anatupotosha kwa lugha yake mbaya. "Kuzalisha" si sahihi; chakula hakiwezi kuzalishwa bali hukuzwa.

**Mr. Shikuku:** Bw. Naibu Spika wa Muda, "kuzalishwa" ni Kiswahili sanifu kwa maana ni "production." Chakula hukuzwa si kulisha watu; unaweza kukuza na watu wasile.

Lakini sisi tunataka wale "wakora" wanaosema kwamba hii Bajeti ni nzuri wajue ya kwamba bei ya diseli ikishapandishwa hivyo ni kuu uzalishaji wa chakula. Chakula hakikuzwi lakini ni mmea hukuzwa.

Jambo lingine ni kuhusu imports vitu kama mbolea, amonia na vingine vingi ambavyo husaidia mmea ukue vizuri na uzae matunda mengi. Hapa, Waziri wa Fedha, hakuona ni wakati wakurudisha chini bei ya customs kwa vitu kama hivyo.

Virudishwe chini ili mkulima aweze kupanda na kupata chakula ya kutosha kwa nchi hii. Pengine ataniuliza kwamba; kama tungerudisha hiyo chini, tungepata kodi namna gani? Kodi tunaweza kupata kutoka kwa sigara, ambayo hata usipovuta huwezi kufa. Kodi pia tunaweza kupata kwa pombe, ambayo yeye mheshimiwa na wengine wanakunyua, na hawezi kufa kama hawakunywa. Tunaweza kupata kodi kutoka kwa brandy, whisky, vipuli vya masikio, na mafuta ya kuchoma nywele. Hizi bidhaa zote zinaweza kutozwa kodi badala ya kuongeza bei ya mafuta na bidhaa zingine muhimu kwa wananchi.

Bw. Naibu Spika wa Muda, ajabu tena ni hii, na ningependa Waziri wa Fedha ajue. Sisi tunawakilisha watu wetu ambao ni maskini sana. Ni kosa kubwa sana kupandisha bei ya mafuta na hili kosa atalijibu mwaka ujao wa 1997. Asipoangalia kwa makini, uawaziri wake utakwisha. Hii ni kwa sababu kuongeza bei ya mafuta ni kuwauwa watu wadogo ambao wanategemea mafuta taa ambayo wanatumia katika taa ndogo ya mkebe. Hii taa hutoa moshi mwingi ikiwashwa na saa nyingine upepo unaizima. Sasa umeongezea bei ya mafuta. Kweli unaweza kusema kwamba hii ni Serikali ya wananchi? Huwezi! Hata mkifanya harambee, kusema "KANU moto, juu, juu zaidi", tutakutana huko uwanjani. Na wananchi hawatamhurumia kwa kuongeza bei ya mafuta. Badala ya kuongeza bei ya mafuta, tungeongeza hata bei ya magari na vitu vingine, lakini tusimuongezee mtu mdogo shida zingine ili apate nafuu. Ubaya ni kwamba hawa wakubwa hawajaona shida zile tunaona sisi. Hawana habari kuhusu hizo shida. Ukichukua mtoto mwenye degree ambaye alipelekwa shule kwa gari na umfanye Waziri, kweli ataelewa kwamba kuna shida inayokabili mtu mdogo? Hana habari kuhusu shida za watu wadogo.

Bw. Naibu Spika wa Muda, pia ningependa kuzungumza kuhusu hii kodi inayojulikana kama Value Added Tax (VAT). Huu ushuru, Serikali haina habari yake kamili. Ninafikiri mhe. Sumbeiywo amesema hapa kwamba wenye biashara wana vitabu viwili. Cha kwanza cha VAT na kingine cha pili pia kisicho cha VAT. Hata hawa waheshimiwa wanajua kwamba hilo hutendeka. Na yule hajui, asimame hapa mbele na akane. Ukienda dukani unaulizwa kama unataka ile ya VAT nikupatie risiti au nikupe bila risiti. Hakuna binadabu asienda mteremko. Wengi husema: "Ah, wacha hiyo risiti, nipatie kwa hii".

**An hon. Member:** Hata Waziri mwenyewe!

**Mr. Shikuku:** Bw. Naibu Spika wa Muda, huu ni ukweli mchungu, siyo uwongo mtamu. This is what happens. Na kwa hivyo, Serikali inapoteza pesa nyingi katika VAT. Kama ni lazima VAT iweko, iwekwe kwa chanzo. Lakini kwa maduka, tunapoteza wakati. Kwa sababu binadamu wote wanapenda mteremko. Let VAT be at source. Lakini kufikiria kwamba wafanya biashara wataleta pesa, we are missing a lot of taxes. Pia ushuru ukiwekwa, uwekwe kiasi kidogo, kusudi watu wengi waweze kuleta pesa, siyo kiasi cha kuumiza watu. Na kuna vitu vingine ambavyo tunaweza kuongeza. Serikali inafikiria inapata pesa kupitia VAT lakini haipati.

Jambo lingine ni kuhusu Income Tax. Wale watu wanaotoa Income Tax ni wale watu wa mshahara. Watu wakubwa hawatoi Income Tax. Na tukiwauliza jinsi wanavyopata hizi pesa wanazotoa katika Harambee, Kshs250,000, hawawezi kusema. Wao hawatoi Income Tax. Wale wanaolipa kodi ni wale wenye mishahara ambayo inajulikana. Lakini wale watu wa magendo hawatoi. Hata wale amboa wamepata ploti na kuuza kwa Kshs100 milioni hawatoi ushuru. Hii ndiyo sababu watu wengine wanatoa pesa nyingi sana katika Harambees na kusema "mimi na rafiki yangu tumetoa Kshs250,000 na nyingine kutoka Mhe. Keah Kshs10,000." Hizi pesa wanapata wapi? Pesa hizi zote za wizi. Sasa, wezi ndio wenye mamlaka katika dunia hii. Katika Kenya, ni lazima uwe mwongo, mwizi, mnyang'anyi na pia uwe mwuaji halafu utaheshimiwa. Hii tabia imeingia hapa katika nchi yetu. Watu hawataki haki na ukweli. Sasa imekuwa ni kuvutana, kusukumana na kunyanyasana. Mhe. Nyerere hakukosea aliposema yetu ni "man-eat-man society." Lakini sasa tunaweza kuongezea na kusema ni "man eat man, woman and child society."

Nimesema katika Bunge hili mara nyingi sana kwamba ni lazima watu waeleze ni wapi walipata mali yao. Ningependa watu wote watii sheria. Ikiwa Ripoti ya Public Accounts Committee haijaletwa hapa na mtu anatoa maoni juu ya hiyo na kusema ni lazima maneno fulani yafutwe, hata kama ni Bw. Spika, he is not above the Standing Orders. There is no Standing Order which says the Speaker is above the Standing Orders. We shall resist such funny rulings from the Chair.

**The Temporary Deputy Speaker (Mr. Wetangula):** Order Shikuku! You are flouting the rules of the House with impunity. If it was not for your track record in this House, I would have sent you out. You are totally out of order and you must withdraw those remarks against the Speaker.

**Mr. Shikuku:** Which remarks?

**The Temporary Deputy Speaker (Mr. Wetangula):** The ones you made.

**Mr. Shikuku:** That?

**The Temporary Deputy Speaker (Mr. Wetangula):** Have you forgotten what you said?

**Mr. Shikuku:** I said that there is no Standing Order which exempts the Speaker or sets him above the Standing Orders of this House. Is that what you want me to withdraw?

**The Temporary Deputy Speaker (Mr. Wetangula):** Order, Mr. Shikuku! The Speaker delivered a ruling here today and if you want to challenge that ruling, you know what to do. In fact, you know it more than any other person in this House. You must withdraw the remarks you have made. If you want to challenge what the Speaker said, you know what to do and not by sneaking it in through a debate. You must withdraw those remarks.

**Mr. Shikuku:** I said the Speaker is not above the Standing Orders. Is that what you want me to withdraw?

**The Temporary Deputy Speaker (Mr. Wetangula):** You said much more than that. You were criticising the ruling he delivered. If you want to take issue with the Speaker on that ruling, then, you bring a Substantive Motion.

**Mr. Shikuku:** Yes, I know that we have got to bring a Substantive Motion.

**The Temporary Deputy Speaker (Mr. Wetangula):** Are you going to withdraw the remarks, hon. Shikuku?

**Mr. Shikuku:** That he is not above the Standing Orders?

**The Temporary Deputy Speaker (Mr. Wetangula):** No, the criticism of the ruling by the Speaker.

**Mr. Shikuku:** No, but I said he is not above the Standing Orders of the House. That, I will not withdraw.

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

**The Temporary Deputy Speaker (Mr. Wetangula):** Order! I am with Shikuku and Shikuku alone. Are we communicating Mr. Shikuku?

**Mr. Shikuku:** We are communicating and I am also trying to find out from you. Wewe unaniambia nionde matamshi.

**The Temporary Deputy Speaker (Mr. Wetangula):** Wewe umemlaumu Bw. Spika kwa kutoa uamuzi

ambao alitoa leo kuhusu Public Accounts Committee. Nimekwambia ya kwamba, kama hukubaliani na yeye na una maneno yoyote ya kusema juu ya huo uamuzi, jambo la kufanya, kuambatana na Standing Order No. 73, ni kuleta Hoja kuujadili uamuzi huo katika Bunge hili. kwa vile hujafanya hivyo, nimekuamuru kuyaondoa hayo matamshi. Na kama bado una shida na huo uamuzi, unajua la kufanya na nimekwambia la kufanya. Kwa hivyo, nimekuamuru uyaondoe yale matamshi uliyoyotoa kuhusu uamuzi wa Bw. Spika kuhusu Public Accounts Committee.

**Mr. Shikuku:** Bw. Naibu Spika wa Muda, matamshi haya yametokana na mimi kusema kwamba hakuna mtu yeyote yuko juu ya Standing Orders za Bunge hili.

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

*[Mr. Speaker resumed the Chair]*

Hakuna Standing Order ambayo inasema Spika yuko juu ya---

**Mr. Speaker:** Order Mr. Shikuku. First of all, I as Speaker of this House I am thoroughly shocked with the continued conduct of certain Members of this House who believe (a) they are beyond this House and (b) they believe they know everything beyond everybody else. That cannot be true. I act here on behalf of this House. I made a ruling on the 11th of June following a breach of the rules of this House by Members of the Public Accounts Committee (PAC) including the hon. Martin Shikuku.

Hon. Members, they are on record as saying that they knew they were deliberately breaching the rules of the House. This House will remember that on the 11th, as I said that, that amounted to contempt of the House and I left it to this House to decide what to do. Hon. Members, when I made that lengthy ruling, I directed the Public Accounts Committee (PAC) to follow the rules of this House in their conduct and in any report that they ever produce. May I state here and now that the Speaker is generally in charge of all matters of this National Assembly and all Committees of this House are subordinate to this House and every Chairmen of those Committees is subordinate to the Chair, to the Speaker, and there is no Chairman who can make or unmake the rules of this House and it is my duty as Speaker to ensure that every Chairman, every Committee and this House itself follow the rules of this House. I did mention this. I had directed the Clerk to do that because the Members of that Committee will not accept the technical advice given to them in their continued defiance.

Hon. Members, may I say this; any Member of this House who feels aggrieved about my ruling is at liberty to bring a Motion to this House and can I assure you one thing; I will give it to the greatest precedence for I have an honour to do. And hon. Members, it is in your own interest that we follow the rules of this House. The minute you Members have no faith in the Chair, say so but I will not accept Members to continue flouting the rules of this House with impunity. The Kenyan public is entitled and they demand of their own Members, that Members must follow the rules. If you are unhappy about the Standing Orders, I have in fact already called for the meeting of the Standing Orders Committee. If any Member of this House is aggrieved by any Standing Order, put forward your suggestion for amendment.

If the House were to listen to you, I will apply that Standing Order as amended in the same way as I apply them today. For the time being, hon. Members, if any hon. Member is aggrieved, please follow Standing Order No 73. May it not be done in a manner that is most uncoordinated and you will destroy your House when you think you are trying to destroy, hon. Kaparo. This Parliament is much more important than Kaparo, or than any other hon. Member for that matter.

**Mr. Obwocha:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** I understand, Mr. Shikuku first of all, that the Chair has ordered you, Mr. Wetangula, when he was in the Chair, that there are certain words which he had ordered you to withdraw and you have to do that.

**Mr. Shikuku:** Bw. Spika, nilikuwa nikimweleza ni mambo gani ambayo ninatakiwa kuondoa kwa sababu---

**Mr. Speaker:** Sikiliza, Bw. Shikuku. Order! I have already made a ruling on that and I have advised what to do. If you think that the Chair has done anything wrong, you know how to proceed. But for the time being, you will follow the rulings of the Chair and you are obligated to do so. Please do so.

**Mr. Shikuku:** Bw. Spika, mimi sina haja ya kushindana na Kiti. Lakini kile kitu ambacho ninakataa na niko tayari kufa, ni kuwa kuna Sheria za Bunge hili na lazima zifuatwe na sote na Kiti. Habari ya kutaka mjadala pia iko katika Sheria na kama ndiyo hiyo ilifanya kusema hii, niko tayari kuondoka.



**Mr. Speaker:** Order! Order, Mr. Shikuku. Can I get you right. First of all, you are on record, Mr. Shikuku, and there is no point of people living above what they have said. You are on record as saying that you knew that you were deliberately breaking the rules of the House. Therefore, it is, in fact, that you are no longer capable of ever saying that you want the application of the rules of this House. Two, the Chair was communicating to the House the discharge of its duty so that there cannot ever be any doubt as to what the Chair directed to be done and exactly in what facts, so that anybody who wishes to say that there was anything sinister, it is not there. It was said in front of the House. I did not as The Speaker, anticipate debate and the end of the debate, you know it. What I did was to cancel one word and insert another as I am duty bound to do understanding Standing Order No 73. Please, Mr. Shikuku, apologise now, and if you want to discuss the conduct of The Speaker, you are most, most welcome. But only under the procedure given. So you better apologise.

**Mr. Obwocha:** On a point of order, Mr. Speaker, Sir.

**Mr. Speaker:** Order! Order, Mr. Obwocha. I am directing to him.

**Mr. Shikuku:** Bw. Spika, kuvunja huku kwa Sheria kuliaanza na kuvunja kwa sheria hapo awali nami nimesema kuwa ninajua nimevunja sheria. Lakini sheria ilikuwa imevunjwa. Kwa sababu huwezi kusema maneno ambayo hayajawekwa katika Meza hii. Imekuwaje---

**Mr. Speaker:** Bw. Shikuku, utafuata amri yangu ama la?

**Mr. Shikuku:** Bw. Spika, nitaondoka.

**Mr. Speaker:** Utaondoka?

**Mr. Shikuku:** Ndio, Bw. Spika.

**Mr. Speaker:** Nenda basi. Order! Order! Kulingana na msimamo wako, umekosa kuhesimu Kiti kwa kutakaa amri uliyopewa kuondolea mbali shtaka ulilofanya dhidi ya Kiti kinyume cha sheria; Kanuni ya Bunge nambari 88. Inabaki dakika tano tu, pengine ndiyo sababu umekubali kuondoka, unaweza kuondoka for the balance of the day.

*(Mr. Shikuku withdrew from the Chamber)*

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

**Mr. Speaker:** Order! Order, Mr. Kiliku! Can we leave this? I have already given advice to the House, not on this. We are now are even going home.

**Mr. Kiliku:** On a point of order, Mr. Speaker, Sir. We, MPs, are the ones who elect the PAC.

**Mr. Speaker:** Order, Mr. Kiliku! Mr. Kiliku, what is it that you think about the PAC being superior than this House? It is subordinate and the Chairman thereof is subordinate to Mr. Speaker. This House can take certain actions which that Committee cannot do. That is a creature of this House. It is not an autonomous Parliament separate and parallel away from this House. It reports to this House and it has, in fact, without this House giving it teeth, it has no teeth until this House accepts all the recommendations. I did mention last time that if there is contempt of that Committee, they should come by a Motion to this House and seek remedy. It is this House that creates all those Committees and it is to this House that they report to. I am the custodian of the rules of this House on behalf of the whole House, and every Chairman of a Committee, including the PAC cannot deal with Mr. Speaker exercising the very unlimited power of Mr. Speaker.

**Mr. Kiliku:** On a point of clarification, Mr. Speaker, Sir.

**Mr. Speaker:** I am sorry. Yes, Mr. Angatia.

**The Minister for Health (Mr. Angatia):** Mr. Speaker, Sir, I do not want to question your ruling. When you asked the hon. Member for Butere to leave the House for the remainder of the day, there was hardly a remainder of the day left. You were under the impression that you had five minutes.

**Mr. Speaker:** Order! Order, hon. Members. Those hon. Members who for very strange reasons want to destroy this House, my only message to them, as the Speaker of this House, is that you cannot do it during my Speakership. You will not destroy this House and its integrity during my Speakership. Would that be understood? With that, we will now adjourn.

#### ADJOURNMENT

**Mr. Speaker:** Order! Hon. Members, it is now time for us to adjourn the House and the House is adjourned until tomorrow morning, Wednesday, 3rd July, 1996, at 9.00 a.m.

The House rose at 6.35 p.m.